

JFH in L1D

NEWS SUMMARY

GENERAL

Divers die in N. Sea accident

Two North Sea divers were killed in an accident at the Beryl Field, 200 miles north-east of Aberdeen.

The divers were trapped inside their diving bell on the seabed, 50ft below the surface, after being attached to the bell probe when the diving support vessel was forced from its station by gales.

As rescue operations started, water seeped into the damaged bell flooding the chamber and the body of one diver floated to the surface. Both men were employed by Northern Divers, a subsidiary of Star Offshore Services. Back Page

Transvaal leader

The election of the arch conservative Dr Andries Treurnicht as Transvaal leader of South Africa's ruling National Party is expected to precipitate a bitter ideological struggle within the Government. Back Page

Newsman safe

British television journalist Michael Nicholson and his two-man film crew arrived in Johannesburg, after being trapped for 16 weeks inside Angola with rebels of the National Union for the Total Independence of Angola (UNITA).

Refugees aided

Canadian immigration officials issued socks and blankets to 359 Vietnamese refugees arriving from the freighter Hui Hong, stranded off the Malaysian coast for three weeks while awaiting international resettlement offers.

Services hit

Troops used teargas and fired into the air to disperse anti-Shah demonstrators in Tehran as a general strike "called by the opposition" crippled most services. Back Page

Mark 'murdered'

Sentinel Yard detectives are probing the death of 11-year-old schoolboy Mark Birkshire of London, after his body was found in an undergrowth at All Saints' Church, West Dulwich, London. Mark disappeared two months ago. Page 3

Chirac hurt

Al Jacques Chirac, Gaullist Party leader and former French Prime Minister, suffered a fractured thigh bone when his car skidded on an icy road in the South West of France. Page 2

Guyana suicides

The last aircraft bringing home bodies found after the mass suicide of the People's Temple arrived in Delaware. Only 17 of the 914 dead have been positively identified.

Briefly...

Thousands of Republican demonstrators defied a ban and marched peacefully through Armagh.

Prostitutes held a conference in London tonight on legalising their profession.

Weekly £50,000 Premium Bond winner lives in Manchester with bond number 100,751,007.

Soccer referee in Yugoslavia was stabbed to death in Belgrade by a fan after two players were sent off.

Cyclone which devastated parts of Sri Lanka is expected to hit the west coast of India today.

Angry passengers burnt a bus which killed two motorcyclists in Nairobi.

Scientists in East Germany have reconstructed skeletons of two elephant-like creatures which drowned in a mud pit 2m years ago.

At least 10 people died in a hotel fire in New York.

Two Breton autonomists go on trial this week for planting a bomb at Versailles Palace.

CONTENTS OF TODAY'S ISSUE

| | | | |
|-------------------------|----|-------------------|-----|
| Arts page | 12 | Overseas news | 2 |
| Leader page | 16 | World Trade news | 4.5 |
| UK companies | 26 | Home news—General | 5 |
| International companies | 27 | Labour | 5 |
| Foreign Exchanges | 27 | Technical page | 8 |
| Mining Notebook | 28 | Management page | 9 |

FEATURES

| | | | |
|---|-------|--------------------------------|-------|
| Before the off in the devolution stakes | 16 | Justinian: Inroads on immunity | 10 |
| Innovators and the law's delays | 25 | FT SURVEYS | 17-24 |
| Scotland | 31-36 | Machine tools | 31-36 |
| Woolmer | 30 | Weathers | 30 |
| Business Diary | 30 | World Trade Rates | 31 |
| Parliamentary Diary | 30 | INTERIM STATEMENT | 31 |
| Share Information | 30 | Robertson Foods | 31 |
| Standard & Poor's Guide | 30 | OFFER FOR SALE | 31 |
| Financial Times | 30 | Holiday Money | 31-35 |
| Today's Events | 30 | ANNUAL STATEMENT | 31 |
| TV and Radio | 30 | Philips Inc. | 31 |
| Letters | 30 | | 32 |

For latest Share Index phone 01-345 8026

Posters accuse 'modern dictators'

Peking freedom calls reflect power struggle in party

BY JOHN HOFFMAN: PEKING NOV. 26

The dramatic street-poster campaign on the walls of the Chinese capital calling for unprecedented freedom, criticising past and present leaders, and drawing people on to the streets in their thousands, gathered force today amid signs of intense enthusiasm.

New posters pasted on prominent walls in Peking in the past 24 hours deny that democracy has ever existed in China, and Mao's body, calls for a full reassessment of Mao, and was "70 per cent good and 30 per cent bad". It asks: "Arise, comrades!"

Some of the most remarkable examples of the new sense of freedom that has swept through China recently, contain the backhanded criticism yet seen in Peking of the late Chairman Mao.

"Modern dictators have developed a new religion to suppress the people and keep them in the dark," it says. A spiritual Great Wall had been built round the country to protect the dictatorship.

"Arise, comrades! — give a final judgment to all dictators and finally eliminate them!"

This poster and others have followed persistent reports of a power struggle at the top of the Chinese Communist Party leadership with gathering support for reinstated principal Vice-Premier Teng Hsiao-ping and his policies of economic liberalism, believed to have been largely responsible for the recent overtures to the West.

One poster which enumerates 14 examples of "serious damage to Chinese society" by Mao cites the former leader's support for the sacking of Teng, perhaps China's most popular and powerful leader, as one of the mistakes.

Get this insect out of the Politburo. The poster demands: "He wears the same trousers as Lin Piao and sits on the same bench as the Gang of Four."

Thousands of people ignored suffocating dust storms today to crush 10 deep along the walls very helpful. It will mean more in Chang An Boulevard and in democracy for China."

Bitter attack

One poster makes a bitter attack at the partly vice-chairman and Teng's wife, the fifth-ranking Politburo member who has been publicly criticised for having been helped to power by the "Gang of Four."

One poster which enumerates 14 examples of "serious damage to Chinese society" by Mao cites the former leader's support for the sacking of Teng, perhaps China's most popular and powerful leader, as one of the mistakes.

Get this insect out of the Politburo. The poster demands: "He wears the same trousers as Lin Piao and sits on the same bench as the Gang of Four."

Thousands of people ignored suffocating dust storms today to crush 10 deep along the walls very helpful. It will mean more in Chang An Boulevard and in democracy for China."

BL Cars may test 5%

with premium pay offer

BY ARTHUR SMITH, MIDLANDS CORRESPONDENT

BL CARS looks set to give a watched with interest.

"Whatever the rights and wrongs of the BL case, any success will open the way for others to follow," the Federation

had the trade unions to say last night.

Few companies had yet concluded agreements. They were awaiting the outcome of the Ford dispute, and settlements at key companies such as BL, the Federation added.

One of the principal battlegrounds in the current pay round is whether premium payments should be offset. The executive of the Confederation of Shipbuilding and Engineering Unions has instructed union officials to ignore such an obligation following shop floor pressure.

The Federation has not shifted ground, pointing out that against a depressed economic climate many companies cannot afford to honour both the agreement and pay an additional 5 per cent.

BL Cars will submit a written offer tomorrow to the central

negotiating committee. The company had originally intended to introduce the national agreement in three phases ending next November.

However at negotiations last week with the threat of strike action by 20,000 workers at Longbridge, management agreed to "rejig" the offer and begin paying the money from next February.

Package

The company stressed last night that its total package was entirely dependent upon higher productivity. About 7,000 voluntary redundancies are currently being sought both to finance the national agreement and to achieve parity of earnings between plants by November next year.

The total BL package, worth nearly 17 per cent, for the lower-paid plants such as Longbridge and Cowley, will be backdated to November 1 this year.

FORD SANCTIONS TODAY

Government sanctions against Ford Motors are to be announced today following last week's 17 per cent settlement. They will be revealed after senior Ministers have informed Sir Terence Beckett, chairman of Ford UK, and are expected to provoke angry reactions at Westminster and in industry.

Grocery and supermarket

employees could get pay rises up to 20 per cent from an agreement which goes to union ballot this week. It guarantees an increase of at least £5.50 a week to about £100,000 workers

in supermarket chains like Tesco, Fine Fare, Allied Suppliers and International Stores.

Back Page

Bid to avert collapse of world commodity fund talks

BY DAVID HOUSEGO

FINAL ATTEMPTS were made today to avert the collapse of the resumed negotiations being held in Geneva between industrialised and developing nations to set up the proposed Common Fund to stabilise commodity prices.

Mr. Herbert Walker, chairman of the group which is due to end tomorrow, appealed last night to delegations from both sides to seek more political flexibility from their Government.

This call came after the West disclosed formally for the first time the sums they were willing to put up to finance the fund and the developing nations rejected the amounts as inadequate.

It was clear however, that after almost four years of often acrimonious discussions on the part of the fund to be devoted to buffer stocking. Industrialised nations have suggested that \$60m should be paid in cash (with an initial tranche of \$200,000 from every member State) and the remainder in kind.

The common ground between them is that the fund should be financed out of a mixture of callable capital.

Dispute at Times may reach regions

By Christian Tyler, Labour Editor

THE BATTLE over the future of The Times and Sunday Times, now almost certain to suspend publication after Thursday, could start again when the new editor is chosen in the months ahead by the related Thompson-Reuters News-papers.

Leaders of the National Grid Association, the organisation that has refused to meet Times Newspapers management, will today advise other officials that their support may be required.

The NGA, which because of the deadline imposed by the new editor-in-chief, has twice rejected its latest public appeals to negotiate, made it clear yesterday it is still seeking a new editor.

Sympathy for the UK view is believed to have been shown both in the talks between the Press Minister and President of the European Commission, Mr. F. Deakin, and in discussions earlier this month between Mr. Callaghan and Mr. Roy Jenkins, President of the EEC Commission.

Further evidence of the seriousness of the confrontation came yesterday after the Sunday Times suffered what the management said was the biggest loss of copies since its first warning of all unions on April 26.

They asked the diplomats to tell the world of the Chinese people's desire for democracy, human rights and freedom of expression.

They also said they would like to see Vice-Premier Teng Hsiao-ping elevated to the position of Premier, a post now held by Chairman Tu Kuo-feng.

The frankness of their exchanges with foreigners and of the posters, many of them signed, would have been impossible a year ago.

Get this insect out of the Politburo. The poster demands: "He wears the same trousers as Lin Piao and sits on the same bench as the Gang of Four."

A young English-speaking Chinese talked today with a small group of Westerners in Peking's main street. Asked his opinion of the poster campaign he said: "This is very important to us. It will help to us to crush 10 deep along the walls very helpful. It will mean more in Chang An Boulevard and in democracy for China."

Further evidence of the seriousness of the confrontation came yesterday after the Sunday Times suffered what the management said was the biggest loss of copies since its first warning of all unions on April 26.

They asked the diplomats to tell the world of the Chinese people's desire for democracy, human rights and freedom of expression.

They also said they would like to see Vice-Premier Teng Hsiao-ping elevated to the position of Premier, a post now held by Chairman Tu Kuo-feng.

The frankness of their exchanges with foreigners and of the posters, many of them signed, would have been impossible a year ago.

Get this insect out of the Politburo. The poster demands: "He wears the same trousers as Lin Piao and sits on the same bench as the Gang of Four."

A young English-speaking Chinese talked today with a small group of Westerners in Peking's main street. Asked his opinion of the poster campaign he said: "This is very important to us. It will help to us to crush 10 deep along the walls very helpful. It will mean more in Chang An Boulevard and in democracy for China."

Further evidence of the seriousness of the confrontation came yesterday after the Sunday Times suffered what the management said was the biggest loss of copies since its first warning of all unions on April 26.

They asked the diplomats to tell the world of the Chinese people's desire for democracy, human rights and freedom of expression.

They also said they would like to see Vice-Premier Teng Hsiao-ping elevated to the position of Premier, a post now held by Chairman Tu Kuo-feng.

The frankness of their exchanges with foreigners and of the posters,

Israelis accused of trying to drive Egypt into isolation

BY ROGER MATTHEWS

CAIRO, Nov. 26.

THE NEED to prevent regional American intervention because more apparent this weekend as the dispute between Egypt and Israel over the terms of a peace treaty threatened to lead to more substantial clashes.

Mr. Moshe Dayan, the Prime Minister, accused Israel yesterday of trying to drive a wedge between his government and other Arab countries by publishing the draft of annex three to the peace treaty which dealt with the redefinition of relations between the two countries.

President Anwar Sadat said that he had not specifically asked to do so, but in a speech to the presentation of the Nobel peace prize which he has been awarded jointly with Mr. Menahem Begin, the Israeli Prime Minister.

Some senior senators who saw Mr. Sadat yesterday thought it might turn up another two months before a peace treaty could be signed, but at least one member of the Senate reached an agreement.

The third annex that accompanied the draft peace treaty, Article six of the draft as published in Cairo as the heart of publication of its version of the basic treaty on Friday.

It revealed among other things that any leaders would be exchanged with the first state of Israel's withdrawal from the Sinai—the exchange is to nine months—but that it would be too far for full fledged negotiations to be carried out in which Egypt insisted.

Andreotti replaces Cattin as crisis worries grow

BY RUPERT CORNWELL

ROME, Nov. 26.

SIG. GILIO ANDREOTTI, the few days ago when Sig. Domenico Cattin was finally obliged to resign in appointing a minister of industry in spite of his choice of his own Free Nordic faction. But the government has not improved the political situation, the most recent news is that he has resigned to atmosphere which is threatening economic stability, secretaries general of major trade unions.

The new minister to replace Sig. Cattin has been a fresh face, a member of the ruling party, and expected, Prof. Romano Prodi, the Secretary, Professor of Industrial Economics at Bologna University, and indeed and lecturer in Britain and the US.

The main issue of this week's respected and qualified technical experts, while welcome to the Communists whose support is keeping the present administration in office, is that the doff the Treasury Minister, Anni, Minister Sig. Ugo Mario Pani, has been able to do what could prove the spark in that he hoped would be for a government crisis and an extensive policy.

Even Prof. Prodi's which the parties unconsciously agreement was in doubt until profess they do not work.

Rhodesians meet on race laws

BY TONY HAWKINS

SALISBURY, Nov. 26.

THE 50-MEMBER parliamentary caucus of the ruling Rhodesian Front meets here tomorrow to decide whether or not the legislature session starting on Tuesday will be able to pass the country's remaining racial discrimination of the referendum should go ahead now or wait until after the January 30 general election.

The ruling party appears deeply split on the issue with majority in the lower house

'No systematic tax evasion by Citibank'

BY DAVID LASCELLES

NEW YORK, Nov. 26.

LAWYERS ENGAGED by Citicorp's audit committee to investigate allegations that it illegally shifted profits from Europe to Nassau and New York appear to have exonerated the bank of any systematic tax evasion in their report published last week.

"No institutional pattern of transferring tax liability from one country to another in violation of local tax laws was present," they say.

But in a further finding, which suggests that questions remain to be answered, they add: "We have discovered some specific instances where local counsel advise that tax efficiencies involving particular transactions would appear to have a high probability of success."

The bank immediately responded with an announcement that it would seek to settle any unanswered tax claims, adding that no bank, including Citibank, could claim complete innocence in the complex world of tax and foreign exchange control.

The 129-page report, prepared by the Wall Street law firm Steiner and Sterling together with Paul Marcus, Mitchell, the international accountants, was

ordered by Citicorp's audit committee. This was after a former employee, Mr. David Edwards, sued the bank for \$14m, alleging that he had been wrongfully dismissed for trying to uncover questionable foreign exchange practices.

In court papers filed here, Mr. Edwards alleges that Citibank deliberately shifted some of its tax liability from Frankfurt, Milan, Paris and Zurich across to Nassau and New York "so as to avoid New York City and State tax."

Under the practice developed, Citibank's internal auditing system was refined so that foreign branches "had an incentive to transfer positions to an area with lower tax rates."

By 1975, parking had become so frequent that Citibank had to standardize procedures. But the report says this was resisted by some of the bank's foreign exchange officers who "regarded Citibank's Paris and Zurich branches, where prevailing rates were not used for paring transactions. The report goes on to say that it was not until after the collapse of the Herstatt and Paris where some transactions were made that Citibank's record on

European tax and company lawyers for their opinions.

Most lawyers' findings appear to coincide with evidence presented to the court by Mr. Edwards, though there is not necessarily a suggestion in the report that Citibank's conduct was illegal.

According to the report, Citibank's management became concerned in the early 1970s about the relationship between its foreign and U.S. tax liabilities and decided "that more foreign exchange profits should be real-

tized either with or divisions increasingly saw the via New York. These increased need for branches transferring divisions are currently in force." The positions to use rates within both the bank's New York or in Nassau.

This was partly done by "marking" a practice whereby European branches transfer foreign exchange positions to the bank's New York or New York branches, and buy them back later. The aim is to effect these deals at rates which leave the profit in either the Bahamas or New York. In the early stages, the report says, European exchange deals were transferred to Nassau rather than New York "so as to avoid New York City and State tax."

Under the practice developed, Citibank's internal auditing system was refined so that foreign branches "had an incentive to transfer positions to an area with lower tax rates."

By 1975, parking had become so frequent that Citibank had to standardize procedures. But the report says this was resisted by some of the bank's foreign exchange officers who "regarded Citibank's Paris and Zurich branches, where prevailing rates were not used for paring transactions. The report goes on to say that it was not until after the collapse of the Herstatt and Paris where some transac-

tions were made that Citibank's record on

European tax and company lawyers for their opinions.

Most lawyers' findings appear to coincide with evidence presented to the court by Mr. Edwards, though there is not necessarily a suggestion in the report that Citibank's conduct was illegal.

According to the report, Citibank's management became concerned in the early 1970s about the relationship between its foreign and U.S. tax liabilities and decided "that more foreign exchange profits should be real-

tized either with or divisions increasingly saw the via New York. These increased need for branches transferring

divisions are currently in force." The positions to use rates within both the bank's New York or in Nassau.

This was partly done by "marking" a practice whereby European branches transfer foreign exchange positions to the bank's New York or in Nassau.

Under the practice developed, Citibank's internal auditing system was refined so that foreign branches "had an incentive to transfer positions to an area with lower tax rates."

By 1975, parking had become so frequent that Citibank had to standardize procedures. But the report says this was resisted by some of the bank's foreign exchange officers who "regarded Citibank's Paris and Zurich branches, where prevailing rates were not used for paring transactions. The report goes on to say that it was not until after the collapse of the Herstatt and Paris where some transac-

tions were made that Citibank's record on

European tax and company lawyers for their opinions.

Most lawyers' findings appear to coincide with evidence presented to the court by Mr. Edwards, though there is not necessarily a suggestion in the report that Citibank's conduct was illegal.

According to the report, Citibank's management became concerned in the early 1970s about the relationship between its foreign and U.S. tax liabilities and decided "that more foreign exchange profits should be real-

tized either with or divisions increasingly saw the via New York. These increased need for branches transferring

divisions are currently in force." The positions to use rates within both the bank's New York or in Nassau.

This was partly done by "marking" a practice whereby European branches transfer foreign exchange positions to the bank's New York or in Nassau.

Under the practice developed, Citibank's internal auditing system was refined so that foreign branches "had an incentive to transfer positions to an area with lower tax rates."

By 1975, parking had become so frequent that Citibank had to standardize procedures. But the report says this was resisted by some of the bank's foreign exchange officers who "regarded Citibank's Paris and Zurich branches, where prevailing rates were not used for paring transactions. The report goes on to say that it was not until after the collapse of the Herstatt and Paris where some transac-

tions were made that Citibank's record on

European tax and company lawyers for their opinions.

Most lawyers' findings appear to coincide with evidence presented to the court by Mr. Edwards, though there is not necessarily a suggestion in the report that Citibank's conduct was illegal.

According to the report, Citibank's management became concerned in the early 1970s about the relationship between its foreign and U.S. tax liabilities and decided "that more foreign exchange profits should be real-

tized either with or divisions increasingly saw the via New York. These increased need for branches transferring

divisions are currently in force." The positions to use rates within both the bank's New York or in Nassau.

This was partly done by "marking" a practice whereby European branches transfer foreign exchange positions to the bank's New York or in Nassau.

Under the practice developed, Citibank's internal auditing system was refined so that foreign branches "had an incentive to transfer positions to an area with lower tax rates."

By 1975, parking had become so frequent that Citibank had to standardize procedures. But the report says this was resisted by some of the bank's foreign exchange officers who "regarded Citibank's Paris and Zurich branches, where prevailing rates were not used for paring transactions. The report goes on to say that it was not until after the collapse of the Herstatt and Paris where some transac-

tions were made that Citibank's record on

European tax and company lawyers for their opinions.

Most lawyers' findings appear to coincide with evidence presented to the court by Mr. Edwards, though there is not necessarily a suggestion in the report that Citibank's conduct was illegal.

According to the report, Citibank's management became concerned in the early 1970s about the relationship between its foreign and U.S. tax liabilities and decided "that more foreign exchange profits should be real-

tized either with or divisions increasingly saw the via New York. These increased need for branches transferring

divisions are currently in force." The positions to use rates within both the bank's New York or in Nassau.

This was partly done by "marking" a practice whereby European branches transfer foreign exchange positions to the bank's New York or in Nassau.

Under the practice developed, Citibank's internal auditing system was refined so that foreign branches "had an incentive to transfer positions to an area with lower tax rates."

By 1975, parking had become so frequent that Citibank had to standardize procedures. But the report says this was resisted by some of the bank's foreign exchange officers who "regarded Citibank's Paris and Zurich branches, where prevailing rates were not used for paring transactions. The report goes on to say that it was not until after the collapse of the Herstatt and Paris where some transac-

tions were made that Citibank's record on

European tax and company lawyers for their opinions.

Most lawyers' findings appear to coincide with evidence presented to the court by Mr. Edwards, though there is not necessarily a suggestion in the report that Citibank's conduct was illegal.

According to the report, Citibank's management became concerned in the early 1970s about the relationship between its foreign and U.S. tax liabilities and decided "that more foreign exchange profits should be real-

tized either with or divisions increasingly saw the via New York. These increased need for branches transferring

divisions are currently in force." The positions to use rates within both the bank's New York or in Nassau.

This was partly done by "marking" a practice whereby European branches transfer foreign exchange positions to the bank's New York or in Nassau.

Under the practice developed, Citibank's internal auditing system was refined so that foreign branches "had an incentive to transfer positions to an area with lower tax rates."

By 1975, parking had become so frequent that Citibank had to standardize procedures. But the report says this was resisted by some of the bank's foreign exchange officers who "regarded Citibank's Paris and Zurich branches, where prevailing rates were not used for paring transactions. The report goes on to say that it was not until after the collapse of the Herstatt and Paris where some transac-

tions were made that Citibank's record on

European tax and company lawyers for their opinions.

Most lawyers' findings appear to coincide with evidence presented to the court by Mr. Edwards, though there is not necessarily a suggestion in the report that Citibank's conduct was illegal.

According to the report, Citibank's management became concerned in the early 1970s about the relationship between its foreign and U.S. tax liabilities and decided "that more foreign exchange profits should be real-

tized either with or divisions increasingly saw the via New York. These increased need for branches transferring

divisions are currently in force." The positions to use rates within both the bank's New York or in Nassau.

This was partly done by "marking" a practice whereby European branches transfer foreign exchange positions to the bank's New York or in Nassau.

Under the practice developed, Citibank's internal auditing system was refined so that foreign branches "had an incentive to transfer positions to an area with lower tax rates."

By 1975, parking had become so frequent that Citibank had to standardize procedures. But the report says this was resisted by some of the bank's foreign exchange officers who "regarded Citibank's Paris and Zurich branches, where prevailing rates were not used for paring transactions. The report goes on to say that it was not until after the collapse of the Herstatt and Paris where some transac-

tions were made that Citibank's record on

European tax and company lawyers for their opinions.

Most lawyers' findings appear to coincide with evidence presented to the court by Mr. Edwards, though there is not necessarily a suggestion in the report that Citibank's conduct was illegal.

According to the report, Citibank's management became concerned in the early 1970s about the relationship between its foreign and U.S. tax liabilities and decided "that more foreign exchange profits should be real-

tized either with or divisions increasingly saw the via New York. These increased need for branches transferring

divisions are currently in force." The positions to use rates within both the bank's New York or in Nassau.

This was partly done by "marking" a practice whereby European branches transfer foreign exchange positions to the bank's New York or in Nassau.

Under the practice developed, Citibank's internal auditing system was refined so that foreign branches "had an incentive to transfer positions to an area with lower tax rates."

By 1975, parking had become so frequent that Citibank had to standardize procedures. But the report says this was resisted by some of the bank's foreign exchange officers who "regarded Citibank's Paris and Zurich branches, where prevailing rates were not used for paring transactions. The report goes on to say that it was not until after the collapse of the Herstatt and Paris where some transac-

tions were made that Citibank's record on

European tax and company lawyers for their opinions.

Most lawyers' findings appear to coincide with evidence presented to the court by Mr. Edwards, though there is not necessarily a suggestion in the report that Citibank's conduct was illegal.

According to the report, Citibank's management became concerned in the early 1970s about the relationship between its foreign and U.S. tax liabilities and decided "that more foreign exchange profits should be real-

tized either with or divisions increasingly saw the via New York. These increased need for branches transferring

divisions are currently in force." The positions to use rates within both the bank's New York or in Nassau.

This was partly done by "marking" a practice whereby European branches transfer foreign exchange positions to the bank's New York or in Nassau.

Under the practice developed, Citibank's internal auditing system was refined so that foreign branches "had an incentive to transfer positions to an area with lower tax rates."

By 1975, parking had become so frequent that Citibank had to standardize procedures. But the report says this was resisted by some of the bank's foreign exchange officers who "regarded Citibank's Paris and Zurich branches, where prevailing rates were not used for paring transactions. The report goes on to say that it was not until after the collapse of the Herstatt and Paris where some transac-

tions were made that Citibank's record on

European tax and company lawyers for their opinions.

Most lawyers' findings appear to coincide with evidence presented to the court by Mr. Edwards, though there is not necessarily a suggestion in the report that Citibank's conduct was illegal.

According to the report, Citibank's management became concerned in the early 1970s about the relationship between its foreign and U.S. tax liabilities and decided "that more foreign exchange profits should be real-

HOME NEWS

Steel losses may be lower

BY JOHN LLOYD

BRITISH STEEL losses over the first half of this financial year may be a little less than the expected figure of £175m, announced as a target by Sir Charles Villiers, the chairman earlier in the year.

The half-yearly figures are expected to be announced on Thursday, after board meeting. Losses for the corporation last year totalled £443m.

Sir Charles has made it clear that British Steel does not see any upturn in the depressed market for steel, and that the Corporation regards that market as the norm.

In a recent speech to Scottish stockholders, he said: "We are convinced that we are now not so much in a recession as in a new 'normal' period when industrial growth will be much slower than it was."

Discipline

Sir Charles reaffirmed that the corporation's cost and production were "under control," and that "burning accidents" would reach our objective of operating at a rate of break even by March 1980.

He said that the anti-steel crisis plan introduced by Viscount Davigson, the EEC's Industry Commissioner—the so-called Davigson Plan—was working reasonably well, but more discipline was needed.

British Steel is known to be concerned that a number of European steelmakers, particularly German and Belgian companies, are largely ignoring the Davigson guidelines.

"It was no light decision to change our views of the market, to reverse deeply entrenched policies, disappoint whole communities, and frustrate hopes and promises long cherished."

Champagne for strip steel peak

MR JOHN POWELL, director of Shotton Steel Works, produced champagne all round for 80 men who made a world record output figure last week.

One of the biggest and newest galvanising lines, installed in a £4m investment programme, produced 5,300 tonnes of coated strip steel, 1,000 tonnes more than its designed capacity in its third week of operation. Mr Powell said it was the achievement of the century for the works.

NEB starts five-year plans for improvement

BY JOHN ELLIOTT, INDUSTRIAL EDITOR

A BID to improve the long-term arrangements and their management of its companies is being launched by the National Enterprise Board through the development of comprehensive five-year corporate plans.

The board requires all its companies, of which there are more than 50, to submit annual and five-year plans every year.

It uses these plans to draw up its own five-year programme for the Department of Industry.

This process has been taken a stage further with the production of an NEB planning booklet which extols the virtues of company planning and reveals how the board expects its companies to operate.

The booklet emphasises that the main value of five-year plans is most likely to be that their preparation generates a "debate about choices and the review of strategies."

The booklet was approved at the weekend by the board's members. Members welcomed it as an illustration of the NEB expanding its influence beyond its main purpose of providing finance for its companies to encourage them to improve their organisational

The board backs up these detailed instructions and advice to its companies by pointing out that it issues the companies with six-monthly economic indicators papers on which the plans should be based. The first paper is issued shortly after the spring budget and is then updated in the autumn. Help is also offered to the companies by the board's divisional specialists in different industries, and by its general planning staff.

Opportunity

"At its simplest, business planning is an ordered way of deciding where the company is going, and why. It is also a medium of communication, both within the company and with the NEB, and it provides an opportunity outside of the day-to-day decision-taking, for company management to consider longer-term goals, and to identify significant changes in the business environment" and the company's "strengths and weaknesses."

"The NEB's aim is to provide a framework for successful development of the company. The company corporate plan will help in this aim by providing a medium of communication about longer-term objectives, a means of measuring performance against previous forecasts and a recorded commitment to action," says the booklet.

It emphasises that planning is not a technical exercise which can be fully delegated by company directors. "The board's interest and involvement in the preparation of the plan is essential." A company's chief executive should be personally involved, and should write a one-page summary of the plan.

Borg-Warner invests £10m in new transmission systems

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

Borg-Warner's UK transmission division, which will just about break even this year after four years of losses, is embarking on a £10m five-year research and development programme.

The group aims in particular to produce a low-cost automatic transmission for the new breed of small front-wheel-drive cars and expects to have one on the market within five years.

The investment programme also involves the development of microprocessor-controlled automatics. Borg-Warner has already registered several patents and a prototype should be running next year.

The development should lead to a new generation of automatic transmissions, at first for the high-priced car, which would incorporate "imperceptible shifts" in gear and still better fuel economy.

"We are giving top priority to THORN, the country's biggest manufacturer of colour television sets, which will bring the number of two-speed driving to a whole range of consumers in the small car market where the possibility exists of a significant expansion of automatic sales," said Mr Peter Whybrow, the transmission division's managing director.

At present just over 10 per cent of cars sold in Britain have automatic transmission. Borg

Warner hopes to see this rise to 18 per cent by 1985 by winning over small-car owners.

More than 90 per cent of Rover 3.5 buyers in the UK choose automatics, for example, but the percentage falls to as low as 2 per cent with purchases of lower-priced cars like the Marina.

Borg-Warner is owned by the Chicago-based organisation of the same name. The British transmission division will this year have sales of about £30m to customers like BL, Volvo,

UK and Ford—started making their own automatic transmissions. As a result Kenting has never been able to work at full capacity.

There has been a big labour shake-out—25 per cent of the white collar workforce was made redundant—and the total number of employees has dropped from a peak of 2,800 to 2,000.

Earlier this year Mullard, the subsidiary of the Dutch company Philips and the UK's only manufacturer of colour tubes for TV sets, received £4.5m assistance as part of its £24m investment programme.

The discussions, which are now going on, will determine whether or not the company will receive assistance from the Government to introduce new automation systems under the 1972 Trade Act. If so, the invest-

ment may double to £10m or beyond.

Earlier this year Mullard, the subsidiary of the Dutch company Philips and the UK's only manufacturer of colour tubes for TV sets, received £4.5m assistance as part of its £24m investment programme.

Earlier this week, Thorn's consumer electronics division said that it intended to push hard to increase its market share in domestic and export markets.

Mr R. A. Huskisson, chairman of Lloyd's Register of Shipping, said in London yesterday.

Ford warranty scheme

Ford Motor dealers are set to woo used-car buyers with the most comprehensive warranty scheme yet.

The scheme, which starts today, is likely to encourage many customers to forgo a lengthy wait for a new car as dealers catch up on a massive backlog of orders.

UK drags claim

Britain lags lamentably behind most other developed countries in devising ways of assisting and encouraging small independent companies, Mr W. Poole, chairman of the Union of Independent Companies, said at the weekend.

Liberals plan to fight every seat

LIBERALS are to fight every constituency in England in the European elections next June, and hope to contest all seats in Scotland, Wales and Ulster, the Liberal Council meeting in Reading, was told at the weekend.

Mr Hugh Jones, general secretary, said Liberals would fight as an independent party in co-operation with colleagues in the European Federation of Liberal and Democratic Parties.

A meeting of the executive, which preceded the council meeting, heard that a top level investigation into the use of party funds, has not yet been completed.

Factory sale plan

The Government is considering selling some of the advance factories it has built. It is thought that such sales would raise money to help further stimulate industry to move into development areas.

Free banking

Free banking for customers of National Girobank starts today as part of the Post Office's attack on the traditional banks. Free current accounts are being offered to personal customers who remain in credit.

Conversion contract

The Tyne Ship Repair Group, part of British Shipyards, has won a £1.3m contract from the Ministry of Defence to convert a 32,000 dwt product carrier into a fleet oil auxiliary.

Payment campaign

A big campaign advertising easy payment schemes is to be launched by the Electricity Council in an effort to reduce losses resulting from non-payment of bills.

New luggage company

Antler, one of the best known British luggage makers, has set up a jointly owned international luggage company with Hong Kong Carpet Manufacturers.

Shipbuilding problems

The serious trading situation in world shipbuilding is being compounded by protectionist policies and government intervention.

Mr R. A. Huskisson, chairman of Lloyd's Register of Shipping, said in London yesterday.

Ford warranty scheme

Ford Motor dealers are set to woo used-car buyers with the most comprehensive warranty scheme yet.

The scheme, which starts today, is likely to encourage many customers to forgo a lengthy wait for a new car as dealers catch up on a massive backlog of orders.

UK drags claim

Britain lags lamentably behind most other developed countries in devising ways of assisting and encouraging small independent companies, Mr W. Poole, chairman of the Union of Independent Companies, said at the weekend.

FINANCIAL TIMES GROCERY INDEX

Big rise after milk and fruit increases

BY DAVID CHURCHILL, CONSUMER AFFAIRS CORRESPONDENT

THE FINANCIAL TIMES reduced and further price rises up in most shops by about 3p grocery basket price index are likely as stocks are further each. White cabbages and cauliflowers were generally more expensive, although some fluctuations were apparent.

Butter has dropped slightly in price however, and the EEC butter subsidy is now up in price. Frozen peas and beans up for

elsewhere in the basket, frozen fruit and vegetables prices rising rapidly after the very low prices of the summer as well as a substantial rise in dairy products, such as milk and cheese.

The normal butter subsidy is £145.80 per metric ton and the special subsidy for Christmas is an extra £106.63 per ton. But the normal subsidy is due to go by next March, although the page reduced the price substantially before then.

It was also clear that most stores were not benefiting from another part of the grocery basket to show a marked change bread prices. Most bread prices were to another, rising from £1.30 to £1.50 per loaf, where bread was

most dramatic price rises by the Financial Times Grocery Index between 10p and 20p more in price. Many stores to go over 50p should not be reproduced or used

in any way without consent.

THE FINANCIAL TIMES SHOPPING BASKET NOVEMBER 1978

| | November | October |
|--|----------|----------|
| Dairy produce | 504.18 | 482.51 |
| Sugar, tea, coffee, soft drinks | 175.52 | 177.28 |
| Bread, flour, cereals | 238.50 | 237.55 |
| Preserves and dry groceries | 86.12 | 86.54 |
| Salad, pickles | 47.07 | 41.42 |
| Canned goods | 154.17 | 154.28 |
| Frozen foods | 191.93 | 187.30 |
| Meat, bacon, etc. (fresh) | 465.70 | 442.66 |
| Fruit and vegetables | 187.57 | 184.39 |
| Non-foods | 180.50 | 182.44 |
| Total | 2,203.73 | 2,162.76 |
| Index for November 1978: | | |
| 1978: March 100; April 101.77; May 102.71; June 104.15; July 103.41; | | |
| August 101.89; September 101.90; October 101.77; | | |
| November 103.67. | | |

Trade penalties 'too lenient'

BY DAVID CHURCHILL, CONSUMER AFFAIRS CORRESPONDENT

Tougher penalties should be imposed on companies which fail to register a restrictive trade agreement with the Office of Fair Trading, argues the Consumers' Association in evidence to a Government review of restrictive practice legislation.

The Association, which has almost 600,000 subscribers to its Which? magazine, claims that the present law on restrictive practices fails to deal adequately with the problem of unregistered trade agreements.

Under the 1976 Restrictive Trade Practices Act, all agreements covering collusions on prices and other areas have to be put on a public register. If they are registered within a certain time, the agreement can continue until the Restrictive Trade Practices Court rules otherwise.

The Association also calls for greater powers and resources to be given to the OFT to seek out unregistered agreements.

In practice, it argues, many generalised price controls agreements—or at least the offending parts of them—are growing tendency for the demand abandoned once the OFT begins the review of the Director-General of Fair Trading and in a form of what we would call 'civil penalties.'

The Association says that it believes in its evidence that it is possible from the Restrictive Practice legislation is headed by Mr Hans Leismer, a senior Government economic adviser. The Practices Court on the initiative committee has already reviewed the competition policy and its report

of the Director-General of Fair competition policy and its report due next year. The Association says that it is evidence that it is more likely to have an impact on the rate of inflation.

In practice, it argues, many generalised price controls agreements—or at least the offending parts of them—are growing tendency for the demand abandoned once the OFT begins the review of the Director-General of Fair Trading and in a form of what we would call 'civil penalties.'

The Association says that many agreements, though registered at UK and EEC level,

Communications. Part of Gulf Air's new world



We handle big Anglo-Israeli deals with the personal touch.

You're hungry for expansion and development. Israel is flowing with unique opportunities. And we know the secrets of the Israeli markets.

Bank Hapoalim was born over 56 years. We now have over 280 offices in 9 different countries. Assets of \$8 billion.

And a wealth of experience stimulating and



Bank Hapoalim B.M.

Head Office
50 Rothschild Boulevard,
Tel Aviv, Israel. Tel. 623211

London
West End Branch 8/12 Brook Street. Tel. 01-499 0163
City Branch 22/23 Lawrence Lane. Tel. 01-228 2406

Manchester
7 Charlotte Street.
Tel. 061-228 2406

New York, Los Angeles, Chicago, Boston, Zurich, Paris, Toronto, Montreal, Buenos Aires, São Paulo, Caracas.

In a region expanding as rapidly as the Gulf, communications are of great importance.

Throughout the countries which share in the ownership of Gulf Air, there has been tremendous development in this field. It is now quicker to talk by telephone for example from Hong Kong to Bahrain than to most other parts of the world, via satellite signals received at the station you see here. Gulf Air's purpose is to serve this new world, with a fleet of specially luxurious TriStars and advanced Boeing 737-200's to and through the Gulf, flying to a most convenient schedule. To help make you part of this new world.



Abu Dhabi Amman Amsterdam Beirut Bombay Cairo Dhahran Doha Dubai Karachi Kuwait Larnaca London Moscow Paris Port Al-Khalifa Salalah Sharjah Sana'a

Economic committee for textiles sector

BY RYHS DAVID, TEXTILES CORRESPONDENT

THE Lancashire cotton and allied textiles sector is under review by the Government in its application for its own economic development committee.

No formal reply has been made yet to the request, made jointly by the industry's employers and unions last July, for a decision allowing a committee to be expected to be announced when the National Economic Development Office holds its annual review of the workings of the committees early next year.

The Lancashire industry, which employs about 70,000 people, so far has had only informal links with Government, through a committee consisting of civil servants, industry and union representatives.

There are mixed views in the past among observers on whether more formal links would be of value in helping to deal with the sector's problems.

The industry has become concerned recently, however, at using some of the fringes of the Government's industrial strategy to stabilise other major textile sectors, including wool textiles, knitting, clothing and man-made fibres, all of which have their own economic development committees or sector working parties.

Considerable rationalisation is

already taken place within the Lancashire sector under pressure from imports but important decisions still have to be taken on the direction in which the industry's textiles should develop.

The EEC is beginning to formulate an industrial policy for textiles and this has been a factor in persuading the Lancashire industry of the need for improved machinery to develop its case.

The industry's problems were outlined in Brussels recently by a delegation from 14 northern local authorities which represent a population of nearly 10 million.

The delegation met Mr. Eric Jenkins, President of the European Commission, and Mr. Tony Trant, the Community's leading textile trade negotiator, to draw attention to the loss of jobs — roughly 7,000 over the past year — and to impress the need for EEC policies in both the commercial and industrial field to be designed to ensure the survival of the textile industry in the Community.

The Community's response apparently has been that while there remains a good chance of the current GATT multi-fibre arrangement being continued beyond its present 1981 deadline, the EEC is less inclined to ask, as in the present round — for substantial derogations to enable

woven cloth production to reach 623.8m metres compared with 648.9m metres in the first nine months of last year.

• The Shirley Institute, the Manchester-based research centre, is holding a one-day conference next February to discuss developments in the search for low-cost, high-speed processes to make continuous filament yarns with the comfort and other properties of natural-fibre spun

fibres and the company has been asked to move to a geographical location — London postal districts, remaining Greater London Council districts, and the rest of the UK.

The basic premium rate for the standard cover contract, applicable to districts outside the GLC, is lifted to 30p per £100 sum insured from 25p.

This rate had remained at 25p for almost two years and caused the increase.

General Accident is following the lead given by the Sun Alliance Group in departing from this rate. Other rates are increased to maximum over in the London postal districts which is now 21 per cent.

The effects of this change can be seen from the example of a combined policy on a house-occupying the buildings for maximum over in the London postal districts which is now 21 per cent.

If economic growth in the OECD countries averages no more than 3.5 per cent a year this will increase the cost of crude oil to about \$2.50 per barrel at current prices by 1981.

Under the changes an individual in the London postal area will pay nearly £100 a year instead of £85 elsewhere in the GLC oil prices are assumed to include a "premium" to take account of the decline in the value of the dollar.

Crude oil imports by the U.S., Japan, Canada and the six largest EEC countries will have risen to about 31.7m barrels a day in 1981 compared with 23.1m barrels a day last year.

Economic Modus does not envisage any crisis in oil supplies with such an economic growth rate over the next 10 years. Total demand for OPEC exports by 1987 should be in the order of 45.1m barrels a day.

OPEC's forecast production capacity of 80m barrels a day by that date leaves room to meet this demand as well as its own domestic consumption of about 15m barrels a day.

Tower Hamlets Council had delayed a decision on the project for almost a year, while the ruling Labour group was divided over the desirability of News International whose newspapers tend

£1.5bn cut 'needed in public borrowing'

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

BORROWING by the public sector will have to be held at less than £17bn in 1979-80. This compares with the Treasury's recent estimate of £18.5bn for the period below currently expected levels if the Government's fiscal policy and monetary target are to be made consistent, according to economists from the London Business School.

In the latest issue of the school's Economic Outlook published today, Mr. Terry Burns and Dr. Alan Budd argue that there is still a gap between the official target range. If the economic objectives of Mr. Denis Healey, the Chancellor, and his actions in spite of the present rise in interest rates.

They maintain that if the money supply has grown too rapidly in the past 12 months, including cash and bank current and seven-day deposit accounts, to increase by the middle of the 8-12 per cent target range, as the Government borrowing by the public sector hopes.

British Gas wins contract

BY KEVIN DONE, ENERGY CORRESPONDENT

BRITISH GAS has won a consultancy contract in Algeria to advise on automation of the country's gas grid and telecoms. A consultant for Egypt's first scheme to develop natural gas

A team from East Midlands Gas will carry out an engineering study for the development of computerised control of the Algerian gas industry's transport network. The contract follows an earlier Gas study is expected to take mission and distribution net about five months to complete.

LABOUR NEWS

Union to press claim for spreading work at British Steel

BY CHRISTIAN TYLER, LABOUR EDITOR

THE BIGGEST steel union will this week put forward a wage tary, about attempts by civil servants to split the proceeds of such a saving.

This, he said, was one of the reasons why he had voted against the proposed TUC-Government pact on pay and inflation and had called for the vote on the TUC general council that led to its failure.

He said that civil servants had "interfered" with productivity bargaining by saying that no more than 50 per cent of the savings should go to the workers.

The proposed TUC-Government statement suggested a three-way split between workers, investment and consumers.

Of the new claim, he said: "It will be seen that we are still following very constructively the needs of the industry and the country, and this indeed will give to the Government the help it is seeking in any forthcoming elections." Certain other unions in the industry would be looking for bigger demands, he said.

BSC's reaction to this claim for a reduction in standard hours will be closely watched. Only the Post Office, in the present round, has conceded a cut in the working week after industrial action by PO engineers and a special inquiry. The reduction is said to be virtually costless.

Mr. Sirs said that overtime working had increased in recent years, in spite of the big reduction in jobs, and was running at an average of 13 per cent. Very large numbers of extra hours were being worked in some areas.

The union will insist that the contribution to productivity bulk of the saving due to its especially through the loss of working week after industrial jobs should be returned to the workers themselves.

Mr. Sirs has complained to

SHOP STEWARDS from shipyards on the Tyne and Tees are holding talks today on a dispute which is threatening a £10m order destined for Swan Hunter's Tyne yard.

The stewards are travelling to the Haverhill Hill yard on Teeside where draughtsmen are refusing to release detailed drawings for a container ship.

There is concern that the order for the ship will be transferred to West Germany unless

General Accident to increase household premiums

BY ERIC SHORT

NEARLY one million people insure their household goods, contents and valuables with General Accident, one of Europe's leading textile manufacturers.

The Scottish-based company, a leading household insurer in the UK, has announced a complete revision of its premiums rates in the third quarter, showing a general decline in contents and increasing outgoings in Europe with export business also described as flat.

Some improvement in the fourth quarter of 1978 is forecast, however.

In the UK, figures from the Textiles Statistics Bureau show that yarn production in September was down 1.5 per cent on the previous month. Output in the first nine months of 1978 reached 123.7m kg compared with 133.9m kg in the same period last year.

Woven cloth production reached 623.8m metres compared with 648.9m metres in the first nine months of last year.

The Community's leading textile trade negotiator, Mr. Eric Jenkins, has been asked to draw attention to the loss of jobs — roughly 7,000 over the past year — and to impress the need for EEC policies in both the commercial and industrial field to be designed to ensure the survival of the textile industry in the Community.

The Community's leading textile trade negotiator, Mr. Eric Jenkins, has been asked to draw attention to the loss of jobs — roughly 7,000 over the past year — and to impress the need for EEC policies in both the commercial and industrial field to be designed to ensure the survival of the textile industry in the Community.

The Community's leading textile trade negotiator, Mr. Eric Jenkins, has been asked to draw attention to the loss of jobs — roughly 7,000 over the past year — and to impress the need for EEC policies in both the commercial and industrial field to be designed to ensure the survival of the textile industry in the Community.

The Community's leading textile trade negotiator, Mr. Eric Jenkins, has been asked to draw attention to the loss of jobs — roughly 7,000 over the past year — and to impress the need for EEC policies in both the commercial and industrial field to be designed to ensure the survival of the textile industry in the Community.

The Community's leading textile trade negotiator, Mr. Eric Jenkins, has been asked to draw attention to the loss of jobs — roughly 7,000 over the past year — and to impress the need for EEC policies in both the commercial and industrial field to be designed to ensure the survival of the textile industry in the Community.

The Community's leading textile trade negotiator, Mr. Eric Jenkins, has been asked to draw attention to the loss of jobs — roughly 7,000 over the past year — and to impress the need for EEC policies in both the commercial and industrial field to be designed to ensure the survival of the textile industry in the Community.

The Community's leading textile trade negotiator, Mr. Eric Jenkins, has been asked to draw attention to the loss of jobs — roughly 7,000 over the past year — and to impress the need for EEC policies in both the commercial and industrial field to be designed to ensure the survival of the textile industry in the Community.

The Community's leading textile trade negotiator, Mr. Eric Jenkins, has been asked to draw attention to the loss of jobs — roughly 7,000 over the past year — and to impress the need for EEC policies in both the commercial and industrial field to be designed to ensure the survival of the textile industry in the Community.

The Community's leading textile trade negotiator, Mr. Eric Jenkins, has been asked to draw attention to the loss of jobs — roughly 7,000 over the past year — and to impress the need for EEC policies in both the commercial and industrial field to be designed to ensure the survival of the textile industry in the Community.

The Community's leading textile trade negotiator, Mr. Eric Jenkins, has been asked to draw attention to the loss of jobs — roughly 7,000 over the past year — and to impress the need for EEC policies in both the commercial and industrial field to be designed to ensure the survival of the textile industry in the Community.

The Community's leading textile trade negotiator, Mr. Eric Jenkins, has been asked to draw attention to the loss of jobs — roughly 7,000 over the past year — and to impress the need for EEC policies in both the commercial and industrial field to be designed to ensure the survival of the textile industry in the Community.

The Community's leading textile trade negotiator, Mr. Eric Jenkins, has been asked to draw attention to the loss of jobs — roughly 7,000 over the past year — and to impress the need for EEC policies in both the commercial and industrial field to be designed to ensure the survival of the textile industry in the Community.

The Community's leading textile trade negotiator, Mr. Eric Jenkins, has been asked to draw attention to the loss of jobs — roughly 7,000 over the past year — and to impress the need for EEC policies in both the commercial and industrial field to be designed to ensure the survival of the textile industry in the Community.

The Community's leading textile trade negotiator, Mr. Eric Jenkins, has been asked to draw attention to the loss of jobs — roughly 7,000 over the past year — and to impress the need for EEC policies in both the commercial and industrial field to be designed to ensure the survival of the textile industry in the Community.

The Community's leading textile trade negotiator, Mr. Eric Jenkins, has been asked to draw attention to the loss of jobs — roughly 7,000 over the past year — and to impress the need for EEC policies in both the commercial and industrial field to be designed to ensure the survival of the textile industry in the Community.

The Community's leading textile trade negotiator, Mr. Eric Jenkins, has been asked to draw attention to the loss of jobs — roughly 7,000 over the past year — and to impress the need for EEC policies in both the commercial and industrial field to be designed to ensure the survival of the textile industry in the Community.

The Community's leading textile trade negotiator, Mr. Eric Jenkins, has been asked to draw attention to the loss of jobs — roughly 7,000 over the past year — and to impress the need for EEC policies in both the commercial and industrial field to be designed to ensure the survival of the textile industry in the Community.

The Community's leading textile trade negotiator, Mr. Eric Jenkins, has been asked to draw attention to the loss of jobs — roughly 7,000 over the past year — and to impress the need for EEC policies in both the commercial and industrial field to be designed to ensure the survival of the textile industry in the Community.

The Community's leading textile trade negotiator, Mr. Eric Jenkins, has been asked to draw attention to the loss of jobs — roughly 7,000 over the past year — and to impress the need for EEC policies in both the commercial and industrial field to be designed to ensure the survival of the textile industry in the Community.

The Community's leading textile trade negotiator, Mr. Eric Jenkins, has been asked to draw attention to the loss of jobs — roughly 7,000 over the past year — and to impress the need for EEC policies in both the commercial and industrial field to be designed to ensure the survival of the textile industry in the Community.

The Community's leading textile trade negotiator, Mr. Eric Jenkins, has been asked to draw attention to the loss of jobs — roughly 7,000 over the past year — and to impress the need for EEC policies in both the commercial and industrial field to be designed to ensure the survival of the textile industry in the Community.

The Community's leading textile trade negotiator, Mr. Eric Jenkins, has been asked to draw attention to the loss of jobs — roughly 7,000 over the past year — and to impress the need for EEC policies in both the commercial and industrial field to be designed to ensure the survival of the textile industry in the Community.

The Community's leading textile trade negotiator, Mr. Eric Jenkins, has been asked to draw attention to the loss of jobs — roughly 7,000 over the past year — and to impress the need for EEC policies in both the commercial and industrial field to be designed to ensure the survival of the textile industry in the Community.

The Community's leading textile trade negotiator, Mr. Eric Jenkins, has been asked to draw attention to the loss of jobs — roughly 7,000 over the past year — and to impress the need for EEC policies in both the commercial and industrial field to be designed to ensure the survival of the textile industry in the Community.

The Community's leading textile trade negotiator, Mr. Eric Jenkins, has been asked to draw attention to the loss of jobs — roughly 7,000 over the past year — and to impress the need for EEC policies in both the commercial and industrial field to be designed to ensure the survival of the textile industry in the Community.

The Community's leading textile trade negotiator, Mr. Eric Jenkins, has been asked to draw attention to the loss of jobs — roughly 7,000 over the past year — and to impress the need for EEC policies in both the commercial and industrial field to be designed to ensure the survival of the textile industry in the Community.

The Community's leading textile trade negotiator, Mr. Eric Jenkins, has been asked to draw attention to the loss of jobs — roughly 7,000 over the past year — and to impress the need for EEC policies in both the commercial and industrial field to be designed to ensure the survival of the textile industry in the Community.

The Community's leading textile trade negotiator, Mr. Eric Jenkins, has been asked to draw attention to the loss of jobs — roughly 7,000 over the past year — and to impress the need for EEC policies in both the commercial and industrial field to be designed to ensure the survival of the textile industry in the Community.

The Community's leading textile trade negotiator, Mr. Eric Jenkins, has been asked to draw attention to the loss of jobs — roughly 7,000 over the past year — and to impress the need for EEC policies in both the commercial and industrial field to be designed to ensure the survival of the textile industry in the Community.

The Community's leading textile trade negotiator, Mr. Eric Jenkins, has been asked to draw attention to the loss of jobs — roughly 7,000 over the past year — and to impress the need for EEC policies in both the commercial and industrial field to be designed to ensure the survival of the textile industry in the Community.

The Community's leading textile trade negotiator, Mr. Eric Jenkins, has been asked to draw attention to the loss of jobs — roughly 7,000 over the past year — and to impress the need for EEC policies in both the commercial and industrial field to be designed to ensure the survival of the textile industry in the Community.

The Community's leading textile trade negotiator, Mr. Eric Jenkins, has been asked to draw attention to the loss of jobs — roughly 7,000 over the past year — and to impress the need for EEC policies in both the commercial and industrial field to be designed to ensure the survival of the textile industry in the Community.

The Community's leading textile trade negotiator, Mr. Eric Jenkins, has been asked to draw attention to the loss of jobs — roughly 7,000 over the past year — and to impress the need for EEC policies in both the commercial and industrial field to be designed to ensure the survival of the textile industry in the Community.

The Community's leading textile trade negotiator, Mr. Eric Jenkins, has been asked to draw attention to the loss of jobs — roughly 7,000 over the past year — and to impress the need for EEC policies in both the commercial and industrial field to be designed to ensure the survival of the textile industry in the Community.

The Community's leading textile trade negotiator, Mr. Eric Jenkins, has been asked to draw attention to the loss of jobs — roughly 7,000 over the past year — and to impress the need for EEC policies in both the commercial and industrial field to be designed to ensure the survival of the textile industry in the Community.

The Community's leading textile trade negotiator, Mr. Eric Jenkins, has been asked to draw attention to the loss of jobs — roughly 7,000 over the past year — and to impress the need for EEC policies in both the commercial and industrial field to be designed to ensure the survival of the textile industry in the Community.

The Community's leading textile trade negotiator, Mr. Eric Jenkins, has been asked to draw attention to the loss of jobs — roughly 7,000 over the past year — and to impress the need for EEC policies in both the commercial and industrial field to be designed to ensure the survival of the textile industry in the Community.

The Community's leading textile trade negotiator, Mr. Eric Jenkins, has been asked to draw attention to the loss of jobs — roughly 7,000 over the past year — and to impress the need for EEC policies in both the commercial and industrial field to be designed to ensure the survival of the textile industry in the Community.

The Community's leading textile trade negotiator, Mr. Eric Jenkins, has been asked to draw attention to the loss of

Building and Civil Engineering

Big sewerage and water schemes

CAMP DRESSER and McKee, jointly Government of Sind, is part of Boston and Black and also involved with the problem Veatch International, Kansas, of sewage and the rehabilitation City, are the two U.S. companies of its water supply network, that will act as consultants on a second stage of the Egyptian water supply for the City Government's project for urban Hyderabadi must be increased grading Cairo's sewage network from its present 84,000 cubic metres a day to 2m cubic metres a condition of the £50m and a day to cater for a population which by that year, is expected to reach 3m.

Apart from extending the existing water supply network, the design and supervision of the construction of two sewage treatment plants will also be undertaken by Balfour, the south-east London-based consulting engineers.

The appointment is seen as a condition of the £50m and a day to cater for a population which by that year, is expected to reach 3m.

Following the U.K. and U.S. grants, Egyptian officials state that the two countries are to share the bulk of the work which is to be put out to international tender. The long-term cost of the scheme is estimated at £20m, and of the century is presently estimated to be 21,500m.

Further east, in Pakistan, the Development Authority, Govern-

£4m for Miller Buckley

CONTRACTS FOR £4m for work in the southern region have gone to Miller Buckley Construction Ltd, which has recently opened an office in Winchester, Hants.

The largest value, at £2.2m, is an office block for the Department of the Environment at Portsmouth Naval Base.

Another contract in the south

is for the temporary Crown Court at Wood Green, London, costing £900,000. The Department of the Environment has awarded a further £663,000 contract for a telephone exchange at Basingstoke, Hants.

The company will also undertake office extensions and alterations at Camberley, Surrey for Ansafone.

Warehouse and offices

BERNARD Sunley and Sons has begun a £3.4m contract to construct a warehouse and office development in North Circular Road, London NW2, for Aeraf Investments.

The contract is for three single-storey warehouse units with two and three-storey office accommodation. The scheme will provide a floor area of 25,000 sq ft to be divided into various lettable units. Completion is planned for March 1980. The architect is Alan Cooke Associates.

Work at Heathrow

A NEW three-storey office block is to be built for the British Airports Authority at Heathrow under a further contract worth more than £1m awarded to John Laing Construction. The company is already carrying out extensive work at Terminal 2 as part of a scheme to improve passenger services at Heathrow.

Under this contract an office block with industrial bays at groundfloor level is to be built close to Terminal 3. It will be a concrete-cased steel framed building on concrete foundations, clad in curtain walling with aluminium windows and facing brickwork. It will have a total floor area of about 51,700 sq ft (£4,800 square metres).

Work on the site, which will include re-aligning an airport roadway and other external works, has just started and is due for completion in October 1980.

Cleveland Bridge is subcontracting to Balfour and Hill, and the project is designed by

Interserve Architects (Nigeria) in Lagos, and consultant engineer is the Arup Partnership.

Tenders are due to be returned

to the Nigerian government by May 1 next year.

Steel on way to Egypt

CLEVELAND Bridge and Engineering (Midland East) has received first shipment of 700 tonnes of fabricated steel from Al-Jazeera Al-Ahli Works in Dubai to Egypt. It is the first instalment of an order for 4,700 tonnes for the Plaza Development in Cairo.

Cleveland Bridge is subcontracting to Balfour and Hill, and the company is involved in erection contracts in half a dozen Middle East countries.

Nottingham housing project

DEVELOPMENT FOR private residential purposes of a long authority-owned site of nearly 13 acres on the west side of Nutfield Road, Nottingham, is to be undertaken by William Leech (Midlands).

The £2m scheme calls for 100 detached homes, 5 metres x 19 metres high. Stairs and platforms will be constructed for access to the top where the machine room for controlling the gate will be two and a half years.

Other works included in the contract are extensive piling to bank wall-cut-offs, rendering to both piers, miscellaneous roadworks, drainage and meter. The main foundations

will be constructed within sheet piled jetties, 20 metres x 50 metres. The main foundations,

PULLMAN INCORPORATED

On November 15, 1978, the Board of Directors elected Mr. S. B. Casey, Jr., Chairman of the Board and Mr. C. P. Lattin, Jr., President and Chief Executive Officer of Pullman Incorporated. Mr. Lattin has been serving as the President of the corporation's Pullman Kellogg division.

Mr. Casey said that this action is in keeping with his previously announced plan to relinquish his responsibilities as Chief Executive Officer of the company in the near future. Mr. Casey also noted that during the past nine months, Pullman Incorporated had achieved the highest earnings and revenues in its history and that this appeared to him to be the appropriate time to turn over the leadership of the company to his successor. Mr. Lattin, who has made a greater contribution than any other officer to Pullman's success in recent years.

Mr. Thomas J. Ryan, who was previously President of Kellogg International Corp in London and then Executive Vice-President of Pullman Kellogg, was elected President of Pullman Kellogg.

THIS ANNOUNCEMENT APPEARS AS A MATTER OF RECORD ONLY



EMPRESA NACIONAL DE ELECTRICIDAD S.A.

U.S. \$ 26,000,000
TEN YEAR FLOATING RATE LOAN

Managed by

BANQUE BRUXELLES LAMBERT S.A.

BANK OF AMERICA NT & SA
BANQUE LOUIS-DREYFUS

BARCLAYS BANK INTERNATIONAL LIMITED

THE SUMITOMO BANK LIMITED

Agent

BANQUE LOUIS-DREYFUS

BANQUE LOUIS-DREYFUS

Provided by

BANQUE BRUXELLES LAMBERT S.A.
BANQUE BE LA SOCIETE FINANCIERE EUROPEENNE
SFE GROUP

THE ROYAL BANK OF CANADA (FRANCE) S.A.

SEPTEMBER 1978

£6m award for new factories

CONSTRUCTION OF 63 factory units for Milton Keynes Development Corporation at Blakelands North, is to be started soon by Robert Marriott (French Kier Group). The £4.6m contract calls for concrete foundations and floors to a height of 20m, the present capital value of the units will include two-storey offices. Total floor space involved in the latest pro-

ject will be carried out by Atkins in-house architectural practice, AC Sheppard Fiddler and Associates, working in collaboration with Cusdin, Burden and Howitt. Gleeds are the quantity sur-

veyors. The teaching hospital is ex-

pected to take eight years to complete, with construction planned to start in 1981.

THE WS Atkins Group has been awarded a £3m consultancy commission by the Algerian Ministry of Higher Education and Scientific Research to design and supervise the construction of an 800-bed teaching hospital at Tlemcen in western Algeria. This follows the announcement in May of a commission for design and construction supervision of a university complex at Tlemcen to cater for 8,000 students, the present capital value

of works at this location for which

the substantial architectural work involved in the latest pro-

ject will be carried out by Atkins in-house architectural practice, AC Sheppard Fiddler and Associates, working in collaboration with Cusdin, Burden and Howitt. Gleeds are the quantity sur-

veyors. The teaching hospital is ex-

pected to take eight years to complete, with construction planned to start in 1981.

On the positive side, the materials men are calling for a steady increase in work for the industry. "We could cope with a bit more," says one, "but the drastic cuts in directly forced us into the recession, a restructure of some of the capital spending previously approved and the introduction of allowances for industry to generate investment in buildings and not just in plant."

CONDOR

World leaders in steel framed industrial buildings

Condor International Ltd

Winchester, Tel: (0962) 851222

Compania de Construcción Condor S.A.

Barcelona, Spain

Condor S.A.

Montevideo, Uruguay

If you work all hours, Sony gives you something you have always wanted. **More hours.**

Now you don't have to make a choice between spending time working and spending time watching television.

You can do both, with the aid of the new Sony Betamax home video recorder.

It adds up to three and a quarter hours to your day by allowing you to watch interesting television that you otherwise would have missed.

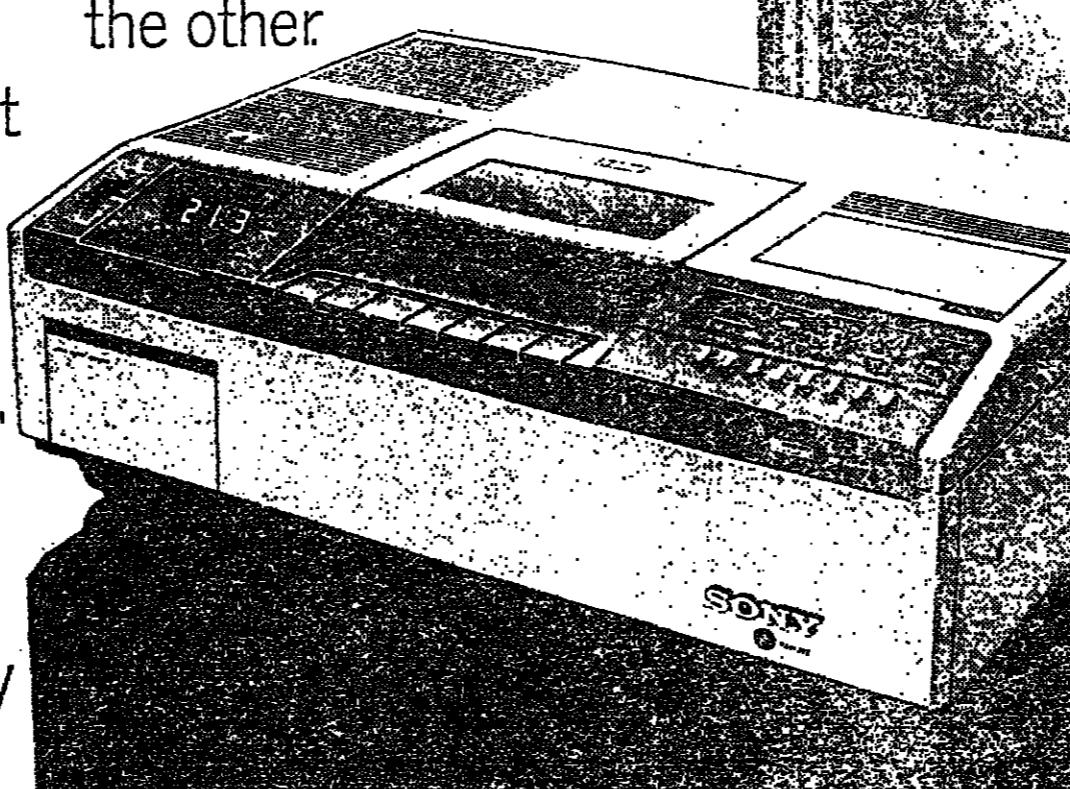
All you have to do is connect Betamax into the back of your colour television and your aerial into the back of Betamax.

Then, before you go to work, set the built-in digital clock to record the programme of your choice.

While you're beavering away

Betamax will switch itself on, record up to three and a quarter hours of television, and then switch itself off.

You can set your Betamax in advance to record a programme that's on up to 72 hours later. Enough time to have a business dinner on the one hand, or a trip to Brussels on the other.



Betamax will even record off one channel as you are watching another. Happily this means you can enjoy the programmes you want to watch without missing the programmes you ought to watch.

Of course there are things on television you can well do without. Who wants to watch even the funniest commercials over and over again?

Here's where the twenty years of experience that Sony have gained in the commercial video field comes into its own.

Betamax is supplied with a remote control switch that allows you to edit out commercials from the comfort of your armchair.

It is also extremely easy to maintain.

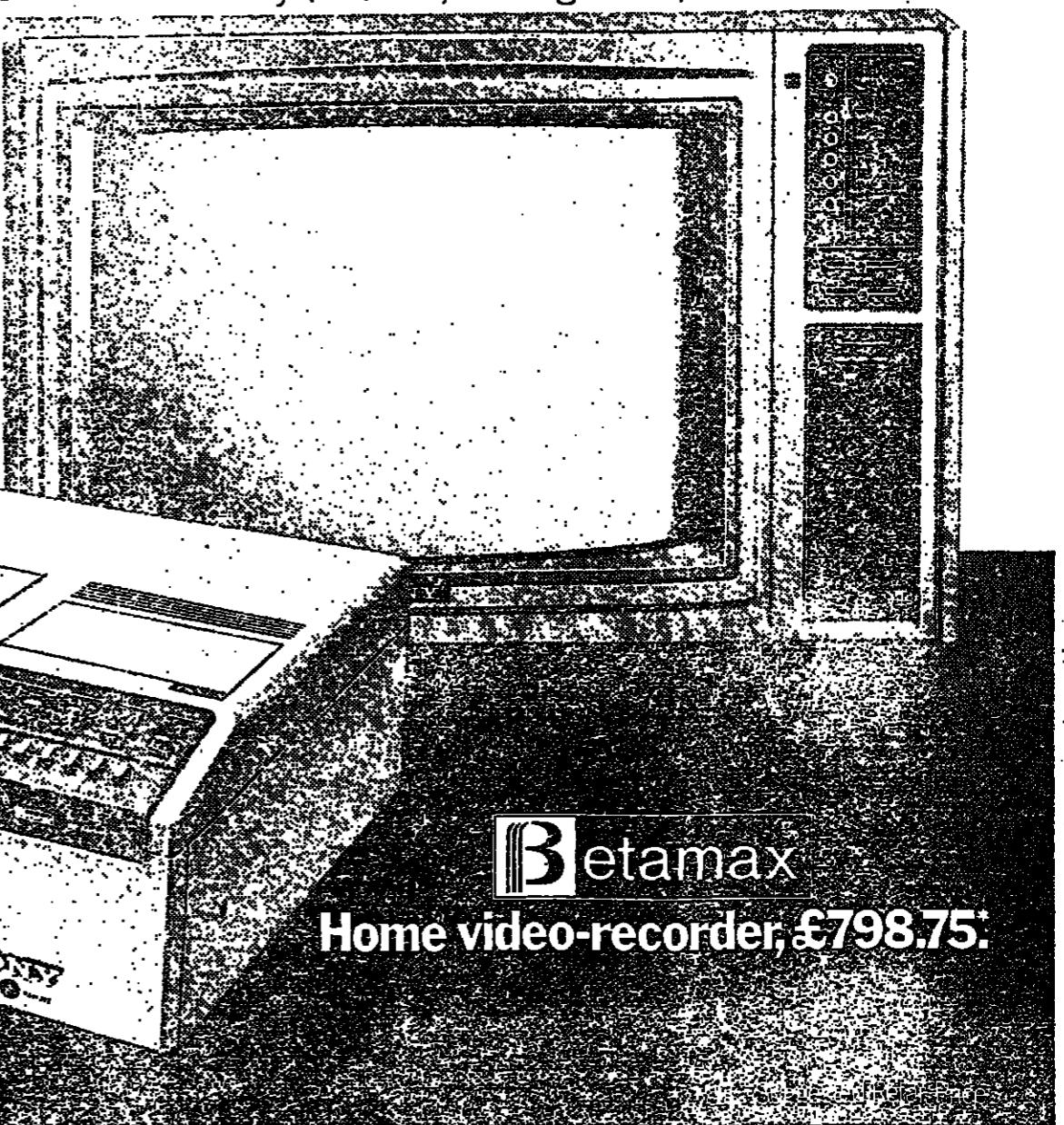
And it's backed up by a Sony service network exclusively created for video recorders.

If you have ever complained that you never seem to have the time to watch television please give this number a ring: 01-434 1713.

The person at the other end of the line will be only too pleased to tell you more about the machine that makes time for you.

SONY.

Sony (UK) Ltd, 134 Regent St, London W1R 6DJ.



Betamax

Home video-recorder, £798.75.*

The Executive's and Office World

J.S. in life

EDITED BY CHRISTOPHER LORENZ

A way for shipowners and bankowners to stay afloat

BY IAN HARGREAVES

THE MIND of the banker and the need to understand each other's business. A useful contribution towards this is the work of three archivists, headed by John Orbell, who is head of the Business Records Advisory Service of the Business Archives Council. It is a story of a century of struggle with adversity coupled with the spirit to expand and provides business detail while avoiding dullness.

Mr. Grammenos is principally a shipping banker; he served for many years with the National Bank of Greece, but—since he is Greek—his business is also intuitively a shipping man. According to the caricature, the Greeks are not known as shippers, but they are a solid sort who never makes millions from the wild fluctuations of the spot market, but who can be relied upon to weather the storm. To use a gambling term, in fact,

Becoming aware

On either side of this reliable banker-shipowner type are the more popular figures of the shipping tycoon who plays the spot market for all its worth and feels insulted if a bank he approaches for a loan demands too much information about his operations, and the banker who is interested in money, but not ships.

Perhaps it is because we are in the middle of the most severe shipping recession within living memory that it is the solid centauri who catch the eye today. But shipowners and bankers are becoming increasingly aware of

INVEST IN YOUR HEALTH

Good health is the key to success and your best defence against illness and heart disease, but do you have enough to maintain it? Let health and fitness experts, John and Glyn Hospital, and Bruce Tulloch and Olympic coach Tom McNab show you how to keep your life in shape. Write to us for free introductory issue of "Executive Health and Fitness," the monthly newsletter specifically designed to help you live longer and better.

To: Executive Health and Fitness,
2 Fleet Street,
London EC4A 1AU.
Name: _____
Address: _____
Postcode: _____
TELE: _____

Weekend at the local. The usual crush at the bar. The bubble of today's disputed goal and last year's holiday abroad. The heady mixture of smoke, stale beer and eau de cologne crowd the atmosphere. Time to clear the air. Xpelair fans will do the job efficiently, economically and unobtrusively, year in, year out.

Xpelair make window, wall and roof fans with tough, reliable motors and automatic back-draught shutters as standard. They carry a 2-year guarantee and a full service back-up.

Wherever you live, work or relax, Xpelair lets you breathe much easier.

We do it in the nicest possible way.

Xpelair

For full details of Xpelair extractor fans and air-change calculations, write to: Publicity Department, GEC-XPELAIIR LIMITED, P.O. Box 220, Deykin Avenue, Witton, Birmingham B6 7JH. Telephone: 021-327 1984.

Nicholas Leslie explains why moving a company can be tougher than you think

Planning can save a lot of heartache

A VERY long property lease on favourable terms can be ideal for many companies since accommodation may then be re-located to the bottom of the list of priorities demanding management time.

One danger, though, is that the expiry date of a lease can easily be forgotten. Management may wake up one day to the awful realisation that in an uncomfortably short space of time the company and its employees are going to be homeless.

It therefore follows that a regular appraisal of property needs and of the terms of any leases is advisable. So, too, is its diversification into offshore oil interests as a plan in mind for finding new growth point just as many other changes in direction have helped it find a way through hard times in the past.

Furness Withy, the shipping travel and insurance group, has just come through the occasionally traumatic experience of finding a new home for a number of its operations and employees. Its position was ever desperate, but it does not

admit that the full implications could give no indication of its quarters building. Furness form of an offer for one of the leases was not entirely appreciated until quite late in the day. And although the company was not facing a situation of being "out on its ear", it was keenly aware that if it had overstayed its welcome an amicable and long-standing relationship with the landlord—ladies, the insurance group—might have been damaged.

At that time, the group was still rather loosely knit, with its welcome an amicable and considerable autonomy and facilities would be desirable. This, and other factors, led to a sizeable shortfall in space, by then it had its contingency plan ready. Virtually all of

SPPS's recommendations were accepted by Furness and modernisation and reconstruction work was begun.

It had not proved possible to have solved the problem, complicated a task for just one major person and in March 1978 he biecup. This was that some

recommendations using a firm of consultants, one of a short list of three, Space Planning Services was chosen.

A first task was to assess the current and future needs of the companies involved in the move.

This, theoretically, could have building in Furness House has been used, but a very good offer nonetheless effected smoothly.

Since the nature of shipping activities was changing and this had led to a decision to bring the ship operations divisions progressively in closer contact.

Furness Withy's lease covered 27,000 square feet of space that had been sublet but which had been put on the market, notice period but the move of those activities in the Lloyd's building continued.

This year, Furness Withy's was when two from early realisation of the need to plan for a move to being implemented, with needs move.

SPS then assessed what the short space requirement would

be in Furness Withy's head, fortune again stepped in in the for forward planning.

BY DR. DAVID CARRICK

EXECUTIVE HEALTH

A mechanical cuff on the pulse of the nation

WHEN I was a small boy, I flickers on and off, until the been available for several years, recall the delights of visiting a systolic and diastolic blood pressure machine. These are doubtless of value if one of those X-ray machines which permitted one to see one's toes wriggling in the green and magenta light through the leather.

It was a marvellous gimmick that, and doubtless sold many shows. Such fleeting monetary profits, also, proved less attractive when, after some years, those machines were withdrawn because of the very great danger they presented, not to the customers but to the assistants who spent every day in the vicinity of these poorly protected devices which leaked considerable doses of damaging radiation.

Now we have a new toy which, in some respects, could prove just as dangerous in a very different manner. I refer to the "serve yourself" fully computerised blood-pressure machine that has recently been imported from America. So far there is but one, but that has caused such mawkish interest that it cannot appear.

Now we have a new toy which, in some respects, could prove just as dangerous in a very different manner. I refer to the "serve yourself" fully computerised blood-pressure machine that has recently been imported from America. So far there is but one, but that has caused such mawkish interest that it cannot appear.

The user, having thrust his arm into a cuff which has been inflated to a pressure of 200 mm Hg, can then

see his systolic and diastolic blood pressure on a liquid crystal display.

One cannot really argue with and tribulations in this world much of what is done or written, as it is without buying methods

But one can—and I certainly do like to increase dependency

—arise against the desirability and add yet more stressors to

procedures that can cause our much stressed lives! British friends!"

I will even offer a wail in glorified gloom trying

free title: "The Little Hypo" their skill at diagnosing the fell

Small, private, do-it-yourself with the creation of penury, inflation to delight the young may be suffering. Without

blood pressure machines have without any help from abroad

Now Christmas is fast panned by one of those vulgar

approaching with all its expensive fun and frolics. There is would no longer provoke

just time for some bright giggles, sniggers and blushes

entrepreneur to make up a No. the combination could

splendid diagnostic kit for the replace those dull old quizzes

kiddies to "amaze" their for the whole family who could

friends!" I will even offer a wail in glorified gloom trying

Rail commuter services are

surely enough to cause frustration, fury and frenzy coupled of tricks making a jolly stock-in-trade victim of the old prank,

ingiffer to delight the young may be suffering. Without

valeudimans. This, account, could, bumper fun

Some pubs take your breath away.



Which building society pays extra interest for just three months' notice of withdrawal?

The Leicester.

Leicester Investors can get the best of both worlds with a Tempus Account. Extra interest and withdrawal facilities (subject of course to the rules of the Society). It's ideal if you want to put money aside for planned purchases.

Call in at any of our 160 branch offices and ask for details.

EVEN MORE INTEREST FROM DEC. 1st

Tempus rate increased to
8·25% = 12·31%
if you pay tax at the base 33% rate

 Leicester Building Society,
Chief Office: Oakby, Leicester, LE2 4PF

The dripping tap torture

BY ANTHONY HARRIS

YOU CAN'T stop me, even the terms on which it is now being loaned over are no doubt true. We have got another dead body of Mr Harold Lever, who has died a couple of dozen deaths in this cause. At the risk of offending the Sleepyhead Division of the Bank of England ('Cures for insomnia fund managers'—continued) I may add, we will go on protesting at every future repetition of this folly. This is at least a dismally protest well before the latest tax evades, it will be contributing to my pension, and handsomely; but the chisel in the nation is excessive.

When this big one had started a few days ago it was very hard to find any official in the Treasury or the Bank who could bring himself to admit that there was a problem. They used to argue that the terms, since issued as 12, 14 or even 15 per cent were a bargain—a substantially negotiated rate of interest, and so they put it. This was an impressive insight into the price negotiations which informs many official policies. If a 20-year stock at 15 per cent is to enjoy a negative real interest rate, then inflation must average more than 13 per cent for 20 years.

Revealing

Official policies were not concerned to bring out such forces—and so they have been hidden when one pointed out the implications of their words. It was simply a rationalisation of a hand-to-mouth policy. Even a rationalisation through it was terribly revealing.

Contradict

An alternative line of official defence is that the authorities are offering what the market wants. But this is a proposition which officialdom themselves contradict. When indexed stocks—even a North Sea oil stock—are discussed, it is explained that such a step is unthinkable because the demand would be so great that industry would be robbing of funds. In other words, we are paying through the nose because the authorities refuse to issue the stock they believe the market wants. It is also forgotten that if official borrowing needs are reduced, they would be, then there is no question of crowding out private borrowers; however attractive official stock might be. That is in fact achieved by a 12 per cent real rate of interest.

The fact is that present policies are born of gloom and fear of novelty. And if you think that this is the last you will hear on the subject wait for the next long tap.

The explicit comment is that

THE WEEK IN THE COURTS

Inroads on immunity

BY JUSTINIAN

FOR YEARS commercial men have waged a campaign for a change in the law whereby sovereign states can successfully claim immunity from legal suit even in respect of their ordinary trading activities. Why should an importer in the UK, who has a legitimate claim for damages against a foreign exporter of goods, be thwarted in his legal claim simply because the foreign exporter happens to be an agent of the foreign state and entitled to claim the immunity of that sovereign state?

The rhetorical question was finally answered last Thursday when the State Immunity Act 1978 came into force. The Act restricts the immunity which sovereign states can claim from the jurisdiction of civil courts and tribunals in the UK. The common law, which until recently accorded immunity to foreign governments from virtually all judicial proceedings, is to be replaced by a statutory and residual immunity. Activities that could equally be performed by trading corporations or private individuals will generally no longer enjoy immunity. The new law is complex and takes a little time to digest and understand.

State immunity from the jurisdiction of the courts of this country is retained except to the extent that it is restricted by the new Act. There are two broad grounds upon which, hitherto, has been a blanket immunity. If a state submits itself to the jurisdiction of the court by accepting, for example, service of a writ upon it, then it waives any immunity it might otherwise have. It can waive it in a number of other ways. If it appears in court proceedings, or takes any step in legal proceedings, its immunity will drop away. But it will not lose its immunity if it appears in court proceedings solely in order to assert its immunity or an interest in property over which other parties are litigating.

The other way that a state may lose its immunity is where the legal proceedings relate to a commercial transaction entered into by the state or to an obligation of the state which by virtue of the contract (whether a commercial transaction or not) fails to be performed wholly or partly in this country. A commercial transaction is not merely any contract for the supply of goods or services, but includes any financial transaction, whether it is a loan or a guarantee or indemnity. It also includes any other transaction or activity (whether of a commercial, industrial, financial, professional or other similar character) into which a state enters or in which it engages otherwise than in exercise of sovereign authority.

Further sections in the Act provide for the removal of immunity from legal proceedings in a host of different situations.

Contracts of employment are generally freed from the immunity of the individual's work is wholly or partly to be performed in the United Kingdom or where the contract is made here. But if the worker is not a UK national, the immunity from proceedings may be claimed. Land in the UK outside the scope of any immunity, as is any interest in such property by way of succession or gift. The fact that a foreign state claims any interest in property here will not prevent the English courts exercising jurisdiction over the estates of deceased persons, a man's bankruptcy, or the winding up of companies. Patents, trade marks and copyright are relieved from proceedings relating to value added tax, customs and excise duties, or agricultural levies.

Privileges

Perhaps the most significant because it has proved to be the most irksome form of immunity in the years is the new law relating to ships on cargo used by the state for its commercial purposes. It will now be possible to arrest any ship belonging to a foreign state for the purposes of enforcing a legal claim of damages, and the owning state will not be able to claim any immunity. If the ship was in use or intended for use for commercial purposes, it will be treated in the same way as any privately owned vessel.

There are some intricate provisions regulating the manner in which foreign states can be served with legal process. There are certain privileges about extending the time limits for taking various steps in the legal proceedings, and other privileges. No order for penalties, injunctions or specific performance can be issued against a state without its consent. There is also no right to execute against state property without its consent, except against property that is used or intended for use for commercial purposes.

Section 15 is of particular significance. This section enables Orders in Council to be made on the basis of reciprocity, either restricting or extending the immunities and privileges established under the Act. Thus the business community will have to keep a wary eye out for any enlargements or limitations on the legislation. Indeed, on the very day the Act came into force, one such Order appeared in relation to ships of the Soviet Union.

The Order preserves the immunity from execution of near, the self-employed, and artisans as well as small and medium-sized business.

It calls on "all citizens" to recognise that only a society based on individual ownership

No application can be made for a "bulwark against Marxism."

day (Southampton). Spotlight

Picasso with music by Stravinsky

All IBA Regions as London except at the following times:

ANGLIA

10.05 am The Role of The Nurse

The Electric Theatre Show

11.30 pm Servants of the Public

12.30 am Housewives

1.15 pm Let's Go Confid

2.30 am University Challenge

2.30 pm Knitting Fashion

3.30 am The Big Picture

4.00 pm Parents and School

4.30 am Farming

5.35 pm News on 2 Headlines with subtitles

6.30 pm Laurel and Hardy Show

case: "Fit for Tat"

7.00 pm The Fishing Race

7.30 pm The Devil's Music

8.00 pm Now the Good News

8.30 pm Mid-morning News

9.00 pm The Ricky Jay Magic Show

9.30 pm Monty Python's Flying Circus

10.00 pm The Bodys in Question

10.30 pm Word For Word

11.15 pm Exploring Photography

11.30 pm Closedown talk

ATV

10.40 Laurels and Hardy Show

case: "Fit for Tat"

11.00 pm The Fishing Race

11.30 pm The Devil's Music

12.00 pm Now the Good News

12.30 pm The Ricky Jay Magic Show

1.30 pm Monty Python's Flying Circus

2.00 pm The Bodys in Question

2.30 pm Word For Word

3.00 pm Exploring Photography

3.30 pm Closedown talk

BORDER

12.30 pm George Hamilton IV, 1.30 pm

Newspaper, 2.25 pm Remembrance

2.45 pm The Fallen Idol

3.15 pm Housewife

3.30 pm The Big Picture

4.00 pm Farming

4.30 pm Laurel and Hardy Show

case: "Fit for Tat"

5.00 pm The Fishing Race

5.30 pm The Devil's Music

6.00 pm Now the Good News

6.30 pm The Ricky Jay Magic Show

7.00 pm Monty Python's Flying Circus

7.30 pm The Bodys in Question

8.00 pm Word For Word

8.30 pm Exploring Photography

9.00 pm Closedown talk

CHANN

1.15 pm Channel Lineups and What's On Who

2.25 pm The Monday Matinee

3.00 pm The Big Picture

3.30 pm University Challenge

4.00 pm The Bodys in Question

4.30 pm The Fallen Idol

5.00 pm Now the Good News

5.30 pm The Ricky Jay Magic Show

6.00 pm Monty Python's Flying Circus

6.30 pm The Bodys in Question

7.00 pm Word For Word

7.30 pm Exploring Photography

8.00 pm Closedown talk

SOUTHERN

12.30 pm Mike II, 1.30 pm

2.30 pm Housewives

3.00 pm The Fallen Idol

3.30 pm University Challenge

4.00 pm The Bodys in Question

4.30 pm The Fallen Idol

5.00 pm Now the Good News

5.30 pm The Ricky Jay Magic Show

6.00 pm Monty Python's Flying Circus

6.30 pm The Bodys in Question

7.00 pm Word For Word

7.30 pm Exploring Photography

8.00 pm Closedown talk

TYNE TEES

9.25 pm The Good Earth

10.00 pm The Good Earth

10.30 pm The Good Earth

11.00 pm The Good Earth

11.30 pm The Good Earth

12.00 pm The Good Earth

1.00 am The Good Earth

2.00 am The Good Earth

3.00 am The Good Earth

4.00 am The Good Earth

5.00 am The Good Earth

6.00 am The Good Earth

7.00 am The Good Earth

8.00 am The Good Earth

9.00 am The Good Earth

10.00 am The Good Earth

11.00 am The Good Earth

12.00 pm The Good Earth

1.00 am The Good Earth

2.00 am The Good Earth

3.00 am The Good Earth

4.00 am The Good Earth

5.00 am The Good Earth

6.00 am The Good Earth

7.00 am The Good Earth

8.00 am The Good Earth

9.00 am The Good Earth

10.00 am The Good Earth

11.00 am The Good Earth

12.00 pm The Good Earth

1.00 am The Good Earth

2.00 am The Good Earth

3.00 am The Good Earth

4.00 am The Good Earth

5.00 am The Good Earth

6.00 am The Good Earth

7.00 am The Good Earth

8.00 am The Good Earth

9.00 am The Good Earth

1



A loan from your NatWest bank manager will turn you into a big businessman.

Seeing your business grow bigger gives your NatWest bank manager a lot of personal satisfaction.

It's one of the ways he can see the results of his knowledge, training and skill.

That's why he's itching to help you. With the right kind of loan, for instance. A bigger business, sooner or later, will need bigger or improved premises.

He can arrange a NatWest Business

Development Loan to take care of that. Longer term financial requirements are no problem either as NatWest own a Merchant Bank, County Bank.

And short-term money based on your debtors can be arranged through Credit Factoring International. If your business could do with some financial inspiration, ask your local NatWest bank manager. He'd like that.

Just ask him.



NatWest

Hoppla! wir leben!

By B. A. Young

This is not Ernst Toller's tragic play of 1927, described in the programme as a revue, which even after Piscator had finished with it; most certainly was not. Toller addicts will be able to see *Mosse Mensch* and *Die Nachschlafmutter* in translation next week. At the Round House they will only get an eponymous cabaret number by Walther Meiring, introducing a collection of German satirical songs made by Keith Cheetham (appropriately named) and Eva Meier, and sung in English by Colin Bennett, Christina Matthews, Thelma Wilson and Miss Meier herself.

It forms part of the German season called *The Seventies meet The Twenties*, and in its one-sided way it does bring to life the German way of existence in that period, which is extended for the purpose to 1918 on one side (the end of the war), and 1933 on the other (Hitler's appointment as Chancellor). I call it one-sided because it leaves out so much. You might believe that Hindemith, the Bauhaus, Ringelnatz or Brecht had never existed, and that writers like Brecht, Toller and Kaiser were all that mattered.

Within these limits, the songs are attractive in their variety. They range from plain comedy like "My brother has got a new wife" to plain tragedy like "My brother has got a new wife". Still it gives Amos a nice exit line. The story is pleased with no line.

"Ballad of the drowned girl" (music by Weill) and "Song of the SA man" (music by Eisler).

The title song is by Walther

Meiring, who contributes more

than anyone else; he too covers a

broad spectrum, with "A comic

thing that has turned out

differently". But Volma

Kelly, in the same jail, with the

same lawyer, is playing the same

song. Jenny Lucas makes

familiar as "Whatever happened

to class?" is the only one with

Wilsberg directs it from

out in "Berlin is crazy about my

legs" and "My name is naughty Lola".

The singing is perhaps not

quite easy enough; there is too

little evil in even the evil-songs

Miss Meier and Miss Matthews

are thoroughly wholesome girls,

whether they like it or not.

Possibly they might all infuse

more subtlety into the songs, in

a smaller hall; this is cabaret

material, and it might as well be

sung at Drury Lane as at the

Round House, where even as dear

the stage as I was, the words

did not always come over.

Keith Cheetham is the director,

and does pretty things with light-

and projections of contemporary

photographs. There is a lovely

four-piece band on the stage that

sometimes plays too loud for the

singers.

Young Vic Studio

The Bozo

By Michael Coveney

Jamie Reid's meandering play

starts ominously with his best

(a clown, or fool, in American

slangs) about to relate the inci-

ents which led in his residence

in a San Quentin death cell to a

couple of remarkably inquisitive

guards. We learn that Harry

halts from Beverly Hills where

his father runs a leisure-home

business. Harry disapproves of

that, and to make his point,

drops out of Stanford University,

a ludicrously烹飪學校

and a TV chat show, in which

he appears to do less well than

in what is odd and beautiful in

Los Angeles architecture. He

stands on a bar, takes off his

clothes, and pours scorn on soft

hippy ideology by refusing

to be "valid".

In the second Act, he disrupts

a psychotherapy session by push-

ing an innocent boy under

highway traffic, flees to the Santa

Cruz mountains to seek refuge

with his drop-out lesbian sister

herself, paying for work done

on forest clearance by American

experts, and returns to join in

a Charles Manson cultist party

charade, and keeps a couple of

Dad's neighbours.

What little dramatic propul-

sion there is in the writing

serves only to take us from one

over-extended, rather badly per-

formed sketch to another.

It is a roaring red-neck running

for Senate with homosocial

basinette tirades, and Reagan-

style promises of restoring the

death penalty. Mel Smith directs

and there are passable contribu-

tions, coloured with a sort of

desperate vigour, from Joss

Buckley as Harry and Micky

O'Donnoughue, and Chrissie

Roberts as his parents.

Riverside appeal fund

Riverside Studios, Hammer-

smith, has launched an appeal

fund to consolidate its position

as West London's centre for

the arts.

Just ten months after opening

as an arts centre, the former

BBC television studios now

attracts 2,500 people a week with

a wide range of music and drama

as well as cinema and children's

events.

The appeal is aimed at the

private sector with the objective

of opening more of the building

to the public and ensuring that

the quality of performances can

be maintained. A restaurant

with river views is also pro-

posed.

Sir Hugh Willatt, chairman of

Hammermill, Riverside Arts

Trust said funds already raised

included £152,500 Urban Aid

Grant from the Department of

the Environment, £10,000 flexible

seed money, and £10,000 from the

Arts Council's Housing the Arts

Fund.

But Sir Hugh, former secretary

general of the Arts Council, said

the council ought to do more

next year because Riverside had

shown itself to be of national

significance.

A series of benefit concerts is

planned to honour the fund.

JOHN FALDING

Hope Jackman and Antonia Ellis

Crucible, Sheffield

Chicago

by B. A. YOUNG

While West End management's entertainment"

hurl hundreds of thousands of pounds into self-deluded losers like Fire Angel and Mardi Gras and The Travelling Music Show, the European premiere of the successful Broadway musical Chicago goes to a provincial repertory company.

The Sheffield Crucible has an open stage that conservatively looks unsuitable for musicals. Not so with the use of two small traps and one large trapdoor and a truck running in and out of the dark space below the balcony, where in this instance the band sits. Peter James proves the space as useful as any proscenium stage. It also has the advantage of extra entries and exits in different directions. Mr. James, in his individual way, shows a wealth of invention some West End theatres should envy.

Perhaps the London management have cold-shouldered Chicago because it is satirical

and because it is a comic musical. Still, because it is satirical and very funny, Miss Watling is very satisfied and very funny. Miss Watling was a reporter in 1929 at the trials of Beulah Annan and Elvira Gauthier, two pretty girls married into millionaire husbands accused of shooting their lovers. Both acquitted after trials more

lengthy than Miss Watling's than ours. She is a good band. Up Ebb's music by John Kander) and "Six Day Racer" on the balcony, with the same material for dance routines sound to fit—three saxes, two trumpets and trombones. Jenny Lucas makes "Any Day You're Gone" familiar as "Whatever happened to class?" is the only one with Wilsberg directs it from the balcony, what Heribert Fahrenholz once called a bedrock blonde, and any wit in the lyrics mostly

comes from a broad spectrum, with "A comic jazz" There is a good band. Up Ebb's music by John Kander) and "Song of the SA man" (music by Eisler). The title song is by Walther

Meiring, who contributes more than anyone else; he too covers a broad spectrum, with "A comic jazz" There is a good band. Up Ebb's music by John Kander) and "Song of the SA man" (music by Eisler). The title song is by Walther

Meiring, who contributes more than anyone else; he too covers a broad spectrum, with "A comic jazz" There is a good band. Up Ebb's music by John Kander) and "Song of the SA man" (music by Eisler). The title song is by Walther

Meiring, who contributes more than anyone else; he too covers a broad spectrum, with "A comic jazz" There is a good band. Up Ebb's music by John Kander) and "Song of the SA man" (music by Eisler). The title song is by Walther

Meiring, who contributes more than anyone else; he too covers a broad spectrum, with "A comic jazz" There is a good band. Up Ebb's music by John Kander) and "Song of the SA man" (music by Eisler). The title song is by Walther

Meiring, who contributes more than anyone else; he too covers a broad spectrum, with "A comic jazz" There is a good band. Up Ebb's music by John Kander) and "Song of the SA man" (music by Eisler). The title song is by Walther

Meiring, who contributes more than anyone else; he too covers a broad spectrum, with "A comic jazz" There is a good band. Up Ebb's music by John Kander) and "Song of the SA man" (music by Eisler). The title song is by Walther

Meiring, who contributes more than anyone else; he too covers a broad spectrum, with "A comic jazz" There is a good band. Up Ebb's music by John Kander) and "Song of the SA man" (music by Eisler). The title song is by Walther

Meiring, who contributes more than anyone else; he too covers a broad spectrum, with "A comic jazz" There is a good band. Up Ebb's music by John Kander) and "Song of the SA man" (music by Eisler). The title song is by Walther

Meiring, who contributes more than anyone else; he too covers a broad spectrum, with "A comic jazz" There is a good band. Up Ebb's music by John Kander) and "Song of the SA man" (music by Eisler). The title song is by Walther

Meiring, who contributes more than anyone else; he too covers a broad spectrum, with "A comic jazz" There is a good band. Up Ebb's music by John Kander) and "Song of the SA man" (music by Eisler). The title song is by Walther

Meiring, who contributes more than anyone else; he too covers a broad spectrum, with "A comic jazz" There is a good band. Up Ebb's music by John Kander) and "Song of the SA man" (music by Eisler). The title song is by Walther

Meiring, who contributes more than anyone else; he too covers a broad spectrum, with "A comic jazz" There is a good band. Up Ebb's music by John Kander) and "Song of the SA man" (music by Eisler). The title song is by Walther

Meiring, who contributes more than anyone else; he too covers a broad spectrum, with "A comic

The Application List for the Ordinary shares now offered for sale will open at 10 a.m. on Thursday, 30th November, 1978, and will close at such later time on the same day as County Bank Limited may determine.

Copies of this Offer for Sale, having attached thereto the documents specified below, have been delivered to the Registrar of Companies for registration.

This Offer for Sale contains particulars given in compliance with the Regulations of the Council of The Stock Exchange for the purpose of giving information to the public with regard to the Company. The directors collectively and individually accept full responsibility for the accuracy of the information given and confirm, having made all reasonable enquiries, that, to the best of their knowledge and belief, there are no other facts the omission of which would make any statement herein misleading.

[Signature]

HARRIS QUEENSWAY GROUP LIMITED

Offer for Sale

by

COUNTY BANK LIMITED

of

**5,000,000 Ordinary shares of 20p each at 155p per share
payable in full on application**

The shares now offered rank in full for all dividends hereafter declared or paid on the Ordinary share capital of the Company

Share Capital

Authorised

£3,600,000 in 18,000,000 Ordinary shares of 20p each

Issued and now being issued fully paid
£3,000,000

Indebtedness

On 31st October, 1978 the Company and its subsidiaries ("the Group") had outstanding term loans of £258,398 secured by mortgages on certain properties of the Group. Save as aforesaid and apart from inter-company liabilities, on 31st October, 1978 the Group had no loan capital outstanding or created but unissued, and no outstanding mortgages, charges, borrowings or indebtedness in the nature of borrowing, including bank overdrafts and liabilities under acceptances (other than normal trade bills) or acceptance credits, hire purchase commitments, guarantees or other material contingent liabilities.

Selected Information

- The Group is a retailer of carpets and household furniture. It operates 129 carpet shops, mainly in high streets or shopping centres, of which 102 trade in England and Wales as Harris Carpets and 27 trade in Scotland as Ross Carpets. It also operates 23 Queensway discount stores mainly in London, East Anglia and Scotland.
- Further information about the Group's business is set out under "Business".
- The Group's trading results for the five financial years ended 24th December, 1977 were as follows:

| Year ended December | Turnover £'000 | Profit before taxation £'000 |
|---------------------|----------------|------------------------------|
| 1973 | 2,951 | 335 |
| 1974 | 4,857 | 605 |
| 1975 | 9,265 | 1,147 |
| 1976 | 14,694 | 1,596 |
| 1977 | 29,822 | 1,585* |

*The profit before taxation for the financial year ended 24th December, 1977, which included approximately £192,000 attributable to the disposal of property, was adversely affected by the acquisition in July, 1977 of Queensway Discount Warehouses Limited which was not at that time trading profitably.

During the 26 weeks ended 24th June, 1978 the Group earned profit before taxation of £2.3 million, including approximately £370,000 attributable to the disposal of property, on a turnover of £23.1 million.

Further financial information about the Group is set out in the Accountants' Report.

- The directors forecast, on the basis of the assumptions set out under "Information relating to the profit forecast", that in the absence of unforeseen circumstances the Group's profit before taxation and extraordinary items for the year ending 23rd December, 1978 will be not less than £5.3 million, including approximately £500,000 attributable to the disposal of property.
- The net tangible assets of the Group as shown in the audited consolidated balance sheet at 24th June, 1978, adjusted to reflect the net proceeds of the issue of new Ordinary shares, amounted to £5.14 million.
- On 31st October, 1978 the Group had deposits and credit balances at bank of £1.4 million and had total borrowings of £258,398.
- At the Offer for Sale price of 155p per share the total value of the share capital issued and now being issued is £23.25 million.
- On the bases set out under "Appropriation of Profit", excluding profits on disposal of property, the price earnings ratio at the Offer for Sale price would be 9.45.
- On the basis of the illustration set out under "Appropriation of Profit", the gross equivalent dividend yield of the shares of the Company at the Offer for Sale price would be 7.51 per cent.

The following information concerning the Group has been received by County Bank Limited from the directors of the Company:

INTRODUCTION

The present Group is based on the carpet retailing organisation built up by the Chairman of the Company, Mr. Philip Harris. The Company was incorporated in 1957 to acquire the Harris family's three carpet and linoleum shops in South London. From 1961 the Company expanded steadily by the opening of new branches mainly in South East England. 18 Keith Rayle carpet shops were purchased from the Combined English Stores Group in 1974 and their trading name changed to Harris Carpets, bringing the total shops operated by the Company to 54. By the middle of 1977 the Company was operating 93 carpet shops under the name of Harris Carpets.

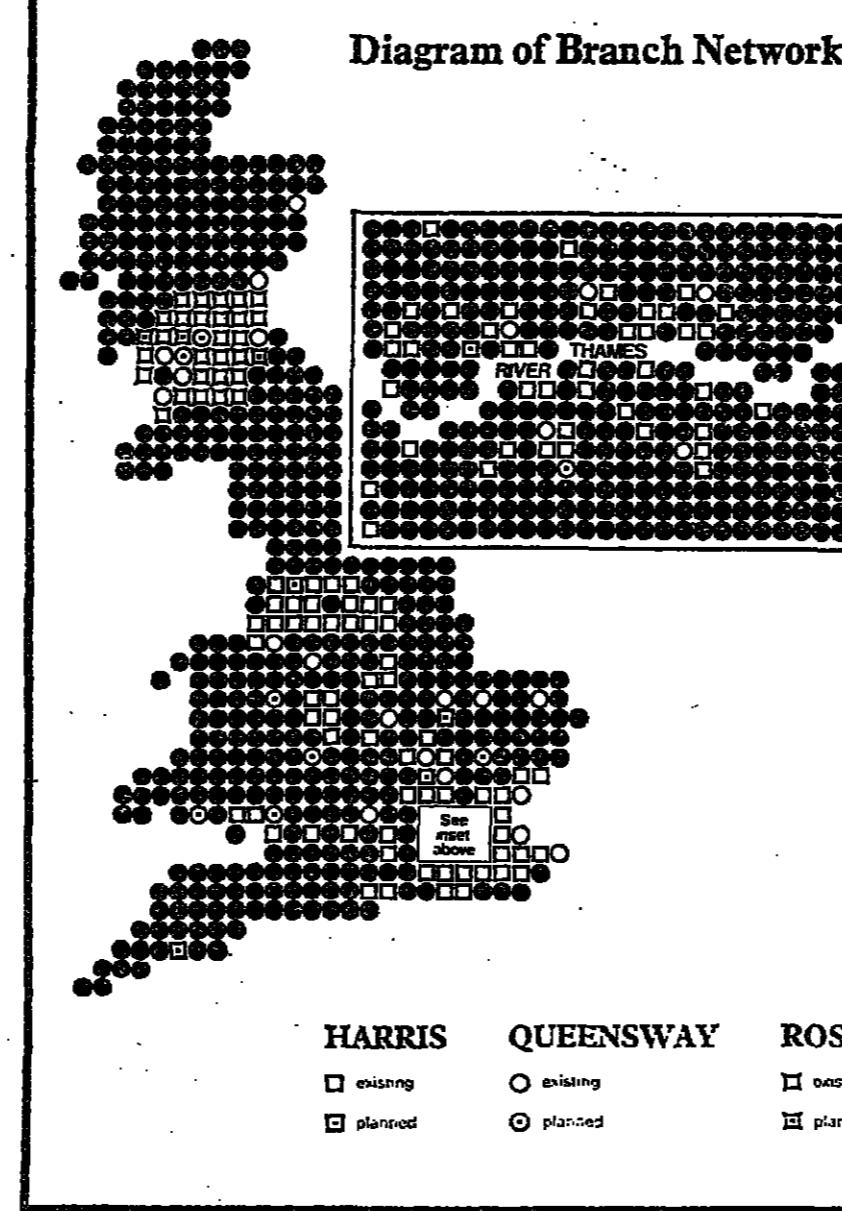
In July, 1977, the Company acquired Queensway Discount Warehouses Limited ("Queensway"), a major retailer selling household furniture and carpets through 30 edge-of-town discount stores. At the time of its acquisition it was incurring trading losses but the directors of the Company were confident that, under the strong management control which the Group could provide, Queensway would be restored to a position of earning substantial profits.

The acquisition of Queensway was of considerable significance to the Company for several reasons. It marked its entry into furniture retailing as well as more than doubling turnover and substantially increasing the profit potential of the Group. It also linked two distinct retailing concepts serving the home furnishings market, namely high street shops and edge-of-town discount stores.

The operation to integrate the two companies and to establish Queensway as a profitable organisation, which necessitated the closure of 7 unsuitable discount stores, was substantially complete by January, 1978. In May, 1978 a new Group head office was opened in Orpington, Kent.

The Group's chain of carpet shops was further expanded in May, 1978 with the acquisition of one of the best known carpet retailers in Scotland, J. Ross & Co. (Carpets) Limited ("Ross") and Park Properties (Glasgow) Limited ("Park"), a company which owned 2 shops operated by Ross. The 29 shops operated by Ross have been integrated into the Group's carpet retailing organisation. Appropriate changes of trading name have been made to certain shops to give effect to the Group's policy of trading under the name of Harris Carpets in England and Wales and Ross Carpets in Scotland.

The Group's chains of carpet shops and discount stores are amongst the largest U.K. retailing organisations in their respective fields. Both have considerable scope for further expansion.



BUSINESS

The Group is a retailer of carpets and household furniture. Turnover is currently divided approximately equally between carpet shops and discount stores, carpet sales accounting for approximately 60 per cent. of turnover and furniture sales for approximately 40 per cent.

Carpet Shops

The Group operates 129 carpet shops of which 102 trade in England and Wales as Harris Carpets and 27 trade in Scotland as Ross Carpets. The total selling area is approximately 287,000 square feet.

Shops offer a wide range of competitively priced carpets, sales being largely in the middle and lower price ranges. All sales are paid for prior to or on delivery and over 85 per cent. are settled in cash. No credit is granted by the Group although certain credit cards are accepted and hire purchase facilities can be arranged for customers through customer credit companies.

The location of shops is of considerable importance to the Group's carpet retailing policy. They are almost invariably situated in prime locations either in high streets or shopping centres, and adjacent to major multiple retailers. Such sites attract a substantial flow of customers and do not therefore require the support of advertising. Selling areas of shops are normally between 1,000 and 4,000 square feet.

The Group's policy is to provide a wide selection of carpet which is available from its warehouse stock, whilst offering an additional selection, mainly of more expensive carpets, on special order. The shops hold almost no stock, displaying samples only. Approximately 60 per cent. of sales are of carpets carrying the Group's own brand names. Although branches offer traditional Axminster and Wilton wool carpets, a high percentage of sales is of carpets made from synthetic fibres. The carpets currently offered from stock comprise approximately 50 ranges, each of which is available in seven designs or colours at prices of between £1.99 and £9.99 per square yard. The Group aims to provide a variety of colours and designs at each price level including carpets made specially to its own design and quality requirements.

A high standard of service has always been regarded as of major importance. Shop staff are trained to offer assistance to customers in a courteous and efficient manner and orders are processed quickly—normally cut lengths of carpet arrive in the shop within

Directors

Philip Charles Harris (Chairman)
Harris House, 76 High Street, Orpington, Kent BR6 0LX.
Hugh Ridley Sykes (Deputy Chairman)
Harris House, 76 High Street, Orpington, Kent BR6 0LX.
David Joseph Stockwell
Harris House, 76 High Street, Orpington, Kent BR6 0LX.
Kingsley John Elton
Harris House, 76 High Street, Orpington, Kent BR6 0LX.
Graham Stanley Poyas
Harris House, 76 High Street, Orpington, Kent BR6 0LX.

Secretary and Registered Office

Howard William Hancock Ellis FCA
Harris House, 76 High Street, Orpington, Kent BR6 0LX.

Principal Bankers

National Westminster Bank Limited
30 Tooting High Street, London SW17 0RG.

Brokers to the Company

L. Messel & Co.
P.O. Box 521, Winchester House, 100 Old Broad Street,
London EC2P 2HX.

Joint Solicitors to the Company

Park Nelson, Dennes, Redfern & Co.
11 Essex Street, Strand, London WC2R 3AF.

Solicitors to the Issue and Joint Solicitors to the Company

Travers Smith, Braithwaite & Co.
6 Snow Hill, London EC1A 2AL.

Auditors and Reporting Accountants

Pricewaterhouse & Co.
Chartered Accountants
Southwark Towers, 32 London Bridge Street, London SE1 9SY.

Registrars and Transfer Office

National Westminster Bank Limited, Registrar's Department
P.O. Box 82, 37 Broad Street, Bristol BS99 7NH.

3 days and fitting, if required, is completed within 5 days of order. If the customer so requests, a specialist estimator prepares a plan of the carpet to be laid. Branches use self-employed carpet fitters from whom a high standard of work is required.

Discount Stores

The Group operates 23 Queensway discount stores mainly in London, East Anglia and Scotland. The total selling area is approximately 694,000 square feet. The stores sell household furniture and carpets currently in the proportion of approximately 25 per cent. carpets to 75 per cent. furniture, of which lounge furniture accounts for approximately 28 per cent., beds and bedroom furniture 25 per cent., dining room furniture 12 per cent. and kitchen furniture 10 per cent.

The stores, the majority of which are on one floor, have selling areas of between 8,000 and 55,000 square feet and are located on edge-of-town sites which are easily accessible. This enables the Group to trade from large premises with good parking facilities, at rents which are considerably lower than in town centres.

The siting policy requires that each store is supported by substantial advertising through local newspapers, radio and television. Expenditure on advertising in the year ending 23rd December, 1978 is expected to be £1.4 million (approximately 5 per cent. of turnover) divided about equally between press and broadcasting.

Although the discount stores have been designed in the "warehouse" style, considerable care is taken to create a pleasant atmosphere and to display merchandise in an attractive manner. This is achieved by good lighting and heating, carpeting of display areas and the use of "room-sets" around the perimeter of the sales floor where the ranges of bedroom, dining room and kitchen furniture are displayed. The central part of the showroom is normally used to display lounge furniture and beds and also contains the carpet department.

Because of the size of the stores the Group can display a larger range of merchandise than most other furniture retailers; for example the central selling area may contain up to 100 suites of lounge furniture and 30 models of bed. The stores offer furniture in a wide price range although the bulk of sales is in the middle price bracket. Three-piece suites are stocked in prices ranging from under £200 to £700. The ranges of carpets are identical to those sold by the Group's carpet shops and in addition stores offer a selection of end of roll remnants.

The Group's principle of high quality service is maintained in the discount stores. Since a high proportion of furniture sold is available from stock the goods are generally received by customers within 7 to 10 days from purchase. The discount stores apply the same payment and credit policies as the carpet shops.

HARRIS QUEENSWAY GROUP LIMITED

Warehousing

Carpets

A basic policy of the Group is the supply of carpet to its carpet shops and discount stores from centralised warehouses. Retail outlets hold almost no stock and carry out no cutting operations, thus eliminating an area of inefficiency common in the industry. The ability to offer a wide range of carpet which can normally be delivered to the shops and discount stores within 3 days has resulted from the creation of first class warehousing and cutting facilities. The Group currently operates three warehouses totalling approximately 120,000 square feet of which two are in Orpington, Kent and one in Barking, Essex. Almost all carpet stocks are held in these warehouses and each has high speed cutting equipment. The Group uses Darwen cutting machines which cut to a tolerance of 1 per cent., thereby minimising waste. The cutting capacity available to the Group in existing warehouses is approximately 15,000 cut lengths per week, whilst average usage is currently running at approximately 9,000, with peaks of up to 11,000 cut lengths per week.

Cutting of carpets to meet orders received from the shops and discount stores the previous day is carried out by the day-shifts. Cut lengths are then loaded by the night-shift for delivery throughout the country the following day. Carpet for delivery to the Scottish shops and stores is transported in container lorries to the Group's depot in Glasgow, and is distributed from there in the Group's vans.

Future expansion of the Group's carpet business will require a major increase in warehouse and cutting capacity. In July, 1978 the Group entered into an agreement to lease a 157,000 square foot warehouse to be built at Swanley, near Orpington. Construction of the warehouse is now well advanced and the directors anticipate that it will be operational by September, 1979 at which time all warehousing will be transferred there. The new warehouse will be equipped with an automatic carpet handling system and will have a storage capacity of 1.8 million square yards of carpet and a cutting capacity of 22,000 cut lengths per week. Its proximity to the M2 and M20 motorways means that transport access is excellent. The Group's study of the project shows that savings in warehousing and cutting costs will be achieved on occupation of the warehouse and will become substantial as throughput increases.

Furniture

It is not necessary for the Group to maintain a central furniture warehouse. The centralised buying system ensures that bulk purchase terms are obtained whilst the merchandise is delivered by the manufacturer to the individual stores, where approximately 50 per cent. of the total floor area is designed for storage.

Purchasing

Carpets

The Group is one of the largest buyers of carpet in the U.K. As a result it is not only able to purchase carpet on favourable terms but it is also able to obtain carpet made to its own quality and design requirements, which is sold exclusively by the Group's outlets.

The Group makes significant purchases from approximately 20 suppliers including most of the leading carpet manufacturers. The Group's largest supplier in the first six months of 1978 accounted for approximately 10 per cent. of total purchases.

The close liaison maintained with suppliers is of considerable importance to the Group. The directors believe that at times when supply conditions in the industry are difficult, its relationship with suppliers assists the Group to obtain its requirements.

Furniture

The Group makes significant purchases from approximately 50 manufacturers. In the first six months of 1978 its largest supplier accounted for approximately 11 per cent. of total purchases.

As a major purchaser, the Group has a relationship with certain suppliers of furniture which enables it to obtain favourable terms and to reserve, without commitment, merchandise to meet anticipated requirements for periods of up to three months. The furniture is then supplied by the manufacturer as required. This also enables the Group to plan promotions well in advance.

Promotional Activities

Since 1975 the Group has obtained publicity from the sponsorship of showjumping and from the three showjumpers now owned by the Group, which are ridden by Mr. David Broome and maintained at his expense. The showjumpers include 'Philo' which in 1978 competed in the successful British World Championship Team. Mr. Broome, who has been associated with the Company for six years, also features in some of the Group's publicity material. At 24th June, 1978 the showjumpers were stated in the Group's books at £111,578 and are being written off over three years. The Group's involvement in showjumping will continue whilst the directors are satisfied that the expenditure is merited by the publicity achieved.

MANAGEMENT AND STAFF

It has always been central to the Group's management policy that incentives are provided to employees at all levels so that enterprise and achievement are properly rewarded.

The directors believe it essential that all levels of shop and store related management should maintain contact with the retailing operation and accordingly senior management spend much of their time visiting the Group's outlets and many, including a number of the directors, spend some time each month serving customers.

Management control is achieved through a system of area managers who are responsible for the performance of shops and stores within their area. Shop managers are responsible for branch performance and the welfare of the staff under their supervision. On 31st October, 1978 the Group had 1,314 employees of whom 954 worked in the Group's shops and stores, 111 in the warehouses and 249 (96 of whom were part time) in the accounting and administration departments. Staff relations have always been good.

Following a corporate reorganisation in November, 1978 all the Group's trading is carried on by the Company's three subsidiaries, Harris Carpets Limited ('Harris Carpets'), Queensway and Ross, its agents for the Company. For management purposes certain senior managers of each division have been appointed directors of the appropriate subsidiaries. The directors of the Company and senior management are as indicated below.

Directors

Mr. P. C. Harris, aged 36, is executive Chairman of the Company. On the death of his father in 1957 Mr. Harris left school to take over the running of the family's three shops in South London. Since that time he has been responsible for assembling and leading the team of management which has built up the Group.

Mr. H. R. Sykes, MA LLB CA, aged 46, has been a non-executive director of the Company since August, 1977 becoming Deputy Chairman in October, 1978. He has had wide experience of both the financial and management aspects of industry and, besides having other business interests, is a non-executive director of The Bath & Portland Group Limited.

Mr. D. J. Stockwell, aged 39, joined the Company as a director in 1971, having previously managed a graphic design company. He subsequently became Sales Director and was appointed Joint Managing Director in 1975. He is now Managing Director of Harris Carpets.

Mr. K. J. Elton, aged 33, joined the Company in 1964 as a salesman. He subsequently became a store manager, an area supervisor and then Sales Director. He was appointed to his present position as Managing Director of Queensway in November, 1977.

Mr. G. S. Povans, FCA, aged 37, joined the Company in February, 1978 as Group Finance Director. He was previously Finance Director of Bowater Carpets Limited, a subsidiary of The Bowater Corporation Limited.

Senior Management

| Name | Age | Position |
|----------------------|-----|---|
| Harris Carpets | 48 | Director—Shop Display |
| R. G. Prole | 38 | Director—Personnel |
| D. V. Powley | 38 | Director—Sales Administration |
| E. L. S. Wright | 36 | Regional Director |
| H. F. L. Fancy | 37 | Regional Director |
| A. J. Shortland | 32 | |
| Queensway | | |
| W. E. Bailey, BA MBA | 33 | Director—Advertising and Promotions |
| S. C. Calcroft | 38 | Director—Furniture Sales Administration |
| R. F. Houchin, BA | 30 | Director—Furniture Purchasing |
| C. J. Holt | 31 | Director—Carpet Sales Administration |
| Ross | | |
| A. Behar | 31 | Managing Director |
| J. Ross | 46 | Sales Director |
| Head Office | | |
| H. W. H. Ellis, FCA | 44 | Company Secretary |
| D. Fieldhouse, ACA | 33 | Group Accountant |
| T. G. Watson | 38 | Group Estates Manager |
| G. J. Deal, BSC | 31 | Group Operations Manager |
| B. I. Clarke | 33 | Carpet Buyer |

PROPERTIES

The Group's policy is to maximise the use made of its financial resources by operating mainly from short leasehold properties although freehold and long leasehold properties may be purchased in certain circumstances.

Carpet Shops

The Group has 129 carpet shops, most of which have selling areas ranging from 1,000 to 4,000 square feet. 6 shops are freehold, 2 are long leasehold (over 30 years) and 121 are short leasehold, normally for an original term of 30 years or more. The total current annual rental on leasehold property amounts to approximately £1.2 million.

Discount Stores

The total floor areas of the Group's 23 discount stores range from 10,000 to 80,000 square feet, except that the store at New Malden, Surrey, has a total floor area of approximately 120,000 square feet including a selling area of some 55,000 square feet. 3 stores are freehold, 1 is long leasehold and 19 are short leasehold. With the exception of 1 property, all the short leasehold properties have leases with an unexpired term in excess of 13 years. Rent reviews usually take place every 5th or 7th year. The total current net annual rental on the leasehold properties amounts to approximately £1 million.

As a result of the reorganisation which followed the acquisition of Queensway, 4 short leasehold stores are currently not being used for trading. 3 of these properties are to be disposed of and 1 has been sub-let. The total net annual rental on these properties amounts to £140,750. The directors consider that adequate provision has been made for anticipated losses where appropriate.

Warehouses

The Group operates 3 leasehold warehouses, 2 of which are situated in Orpington and 1 in Barking. The warehouses, which vary in size from 37,000 to 43,000 square feet, were all leased for an original term of 25 years with 5 year rent reviews. All the leases have unexpired terms of more than 21 years and the total current annual rental amounts to £211,325. The Group also has a depot of approximately 22,000 square feet at East Kilbride, Scotland which was leased on 28th November, 1972 for a period of 99 years at an annual ground rent of £2,000 with 15 year reviews.

A new warehouse is currently being built for the Group at Swanley. The total area will amount to approximately 157,000 square feet and a lease will be entered into for a term of 25 years with 5 year rent reviews at an initial annual rental of approximately £300,000. It is anticipated that this will be ready for occupation in September, 1979. The warehouse at Lagoon Road, Orpington will then be disposed of and, subject to the Group obtaining the necessary consents, the Barking warehouse will become a Queensway discount store and the existing carpet showroom attached to the Sevenoaks Way, Orpington warehouse will be extended.

Head Office

The Group's head office, Harris House, Orpington is a new office block of 27,270 square feet leased from 25th December, 1977 for a term of 25 years with 5 year rent reviews at a current annual rental of £160,000.

The Group also has a lease of the offices at Norwich previously occupied by Queensway. This lease, which has 16 years to run with rent reviews every 5 years and is at a current net annual rental of £17,000, is to be disposed of.

Valuations

The carpet shops owned by the Company on 24th December, 1977 were valued on that date by Smith Melzack & Co., surveyors and valuers, on the basis of open market value with their existing use and vacant possession. This valuation, which revealed a surplus of £743,000 over book value, has not been incorporated into the Company's accounts and additions since that date have been included at cost.

Smith Melzack & Co. valued on the same basis the properties owned by Queensway as at 11th July, 1977, the date of acquisition, and the properties owned by Ross and Park as at 7th August, 1978. The aggregate value of approximately £2.6 million has been incorporated into the Group's accounts as the acquisition cost of these assets. Smith Melzack & Co. having confirmed that in their opinion the value of the properties owned by Ross and Park at 7th May, 1978, the date of acquisition, was not materially different from their value as at 7th August, 1978.

PROCEEDS OF THE ISSUE

The shares being offered for sale include 4,000,000 shares being sold by existing shareholders of the Company. The balance of 1,000,000 shares are new shares which, after deducting the expenses of the Offer for Sale, will raise £1.21 million of additional finance for the Company. The new capital will provide additional funds for the expansion of the carpet shop and discount store chains and for equipping the new warehouse at Swanley.

Working Capital

On 31st October, 1978 the Group had deposits and credit balances at bank of £1.4 million. Taking into account the net proceeds of the issue and the bank facilities available to the Group, the directors are of the opinion that the Group has adequate working capital for its present requirements.

PROFITS

Profit Record

The profit record of the Group for the five financial years ended 24th December, 1977 and for the 26 weeks ended 24th June, 1978 is set out in the Accountants' Report. During the five financial years ended 24th December, 1977 Group turnover increased from £2.0 million to £2.9 million and profit before taxation from £355,000 to £1.6 million.

The profit before taxation for the year ended 24th December, 1978 was adversely affected by the acquisition of Queensway in July of that year. At the time of Queensway's purchase it was not trading profitably and it was not until 1978 that the benefits of subsequent management and administrative reorganisation were felt. Apart from its demands on the Group's management time, the acquisition of Queensway required a temporary reduction in the rate of expansion of the Group's chain of carpet shops. Furthermore, in common with other retailers in the trade, the Group suffered from depressed consumer demand in the first half of 1977.

Profit Forecast

The Group earned profit before taxation in the 26 weeks to 24th June, 1978 of £2.3 million, including approximately £370,000 attributable to the disposal of property, on a turnover of £2.3 million. The directors forecast that in the absence of unforeseen circumstances the consolidated profit before taxation and extraordinary items for the year ending 23rd December, 1978 will be not less than £5.3 million, including approximately £500,000 attributable to the disposal of property. This forecast is made on the basis of the assumptions set out under "Information relating to the profit forecast".

DIVIDENDS

On the basis of their forecast of profit for the year ending 23rd December, 1978 the directors intend to recommend for payment in May, 1979 a dividend of 7.8p per share (6.7p with related tax credit).

In respect of a full year in which a similar level of profit was earned the directors would expect to recommend dividends totalling 7.8p per share (6.7p with related tax credit). It is intended in future years to pay an interim dividend in November and a final dividend in May.

If current legislation regarding dividends, which expires on 31st July, 1978, is renewed in its present form the Company will not be subject to any dividend restrictions in respect of the two financial years ending 22nd December, 1979 but dividends thereafter will be subject to statutory control.

APPROPRIATION OF PROFIT

The following table sets out, by way of illustration, how a profit before taxation of £5.3 million would be appropriated assuming taxation at standard rates and total dividends of 7.8p per share on the enlarged issued share capital of £3,000,000:—

| Trading profit | £4,860 |
|--|--------|
| Profit on property disposals | 503 |
| Profit before taxation | 5,363 |
| Less: Taxation* | 2,125 |
| Profit after taxation | 2,838 |
| Less: Dividends totalling 7.8p per share | 1,170 |
| Profit retained | 1,668 |

*Taxation has been calculated at 50 per cent. on trading profit and 50 per cent. on profit on property disposals.

On the basis of this illustration, the dividend would be covered 5.27 times by the profit after taxation and the dividend, together with the related tax credit, would represent a gross equivalent dividend yield of 7.51 per cent. on the Offer for Sale price.

On the basis of the illustration and the weighted average number of Ordinary shares which will be in issue during the financial year ending 23rd December, 1978, taking into account Ordinary shares now being issued, the forecast earnings per share would be 18.9p. On the same basis, but excluding earnings attributable to the disposal of property, the earnings per share would be 16.4p and the Company would be valued at the Offer for Sale price on a price earnings ratio of 9.45.

Taking into account the availability of stock and other reliefs the directors expect the effective rate of tax charged on the total profits of the Group for the financial year ending 23rd December, 1978 to be approximately 44 per cent.

PROSPECTS

The level of profit which will be achieved in 1978 is the result of the successful amalgamation of the Harris Carpets and Queensway operations coupled with a general improvement in consumer demand. It has not come from any significant increase in the number of their branches. Queensway now trades from three fewer outlets than at the time of its acquisition and excluding those acquired from Ross the number of Harris Carpets shops has increased by only four since 1st July, 1977. Considerable reorganisation has taken place in Ross since its acquisition and because it has only recently been integrated into the Group organisation it will make no significant contribution to profits until 1979.

Since the acquisition of Queensway, the directors have concentrated on creating an integrated and efficient organisation. The depth of management ability within the Group together with the centralised operations of buying, carpet warehousing and financial control have all been developed with substantial expansion in mind, and form a solid base from which this may now be achieved.

Although the Group is already one of the largest carpet retailers in the U.K. the directors believe that Group carpet sales in 1978 will represent less than seven per cent. of the U.K. domestic market. A large proportion of the carpet market is served by individual furnishing retailers who, without the Group's ability to service outlets through centralised cutting and storage facilities, are unable in the directors' opinion to compete with the Group in the range of carpet offered from stock. The Group's purchasing power also enables it to purchase carpets at significantly lower prices.

The retail furniture market is similar in character to the carpet market in that a large proportion continues to be supplied by individual retailers, whose ability to display a wide range of furniture is limited by the available floor area. The directors believe that Queensway's ability to offer an extensive range of furniture from stock in large edge-of-town stores with good parking facilities has already made a significant impact on the U.K. domestic furniture market and they are confident that the Group will continue to increase its market share. In addition, the greater buying power which will result from increased sales volume will benefit

HARRIS QUEENSWAY GROUP LIMITED

2. Fixed Assets

| The Group | | | | | | |
|--|-------|-------|-----------|-------|----------|-----------|
| 31st December | | | 24th June | | | 24th June |
| 1972 | 1973 | 1974 | 1975 | 1976 | December | June |
| £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Land and buildings | | | | | | |
| Freehold | | | | | | |
| Long leasehold | — | 64 | 64 | 552 | 2,663 | 1,787 |
| Short leasehold | 4 | 4 | 4 | 4 | 29 | 254 |
| Plant, equipment, vehicles and other | 282 | 365 | 1,284 | 1,625 | 2,836 | 4,057 |
| Depreciation and amortisation | 42 | 107 | 247 | 322 | 688 | 2,758 |
| Depreciation and amortisation | 328 | 476 | 1,879 | 2,252 | 4,081 | 9,607 |
| Less accumulated depreciation and amortisation | (77) | (191) | (238) | (459) | (783) | (1,883) |
| Net book value | 251 | 375 | 1,443 | 1,893 | 3,298 | 7,326 |

The land and buildings of Queensway and Ross and Park have been included in the Group accounts at their open market values assessed by Smith Mellick & Co., surveyors and valuers, at 31st December and 24th June, 1978, respectively, the dates of acquisition of these companies, which represent the commencement of the Group. The land and buildings of Harris Carpets are included in the accounts at their original cost.

At 24th June, 1978 the Group and the Company had placed contracts for future capital expenditure of £193,000 and had approved but not contracted for further capital expenditure of £141,000.

3. Stocks

| The Group | | | | | | |
|-------------------------------|-------|-------|-----------|-------|----------|-----------|
| 31st December | | | 24th June | | | 24th June |
| 1972 | 1973 | 1974 | 1975 | 1976 | December | June |
| £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Carpets | 260 | 420 | 673 | 1,167 | 1,616 | 2,834 |
| Furniture and other stocks | — | — | — | — | 3,041 | 2,734 |
| Depreciation and amortisation | 280 | 420 | 673 | 1,167 | 1,616 | 5,027 |
| Net book value | — | — | — | — | 5,568 | 5,568 |

4. Provision for reorganisation

The provision for reorganisation represents the estimated cost of reorganising the operations of Queensway during its acquisition by the Company and the decision to transfer the head office from Norwich to Orpington, as also certain branches. A provision of £1,185,000 has been made in the accounts and costs incurred amounting to £20,000 have been deducted therefrom up to 24th June, 1978.

5. Bank loans and overdrafts

The Group's bank loans and overdrafts shown by the bank statements at 24th June, 1978 amounted to £334,000. The difference between this amount and the amount shown in the above balance sheet at 24th June, 1978 of £3,764,000 is accounted for by cheques which had been paid but not yet presented for payment and judgements not yet credited at that date.

6. Long term loans

| Secured term loans from County Bank Limited, since repaid | | | | | | |
|--|--|--|--|--|--|--|
| Secured term loan from Industrial and Commercial Finance Corporation Limited, repayable in monthly instalments of £50,000 with interest at 18½ per cent. per annum | | | | | | |
| Secured loan from East Kilbride Development Corporation, repayable by half yearly instalments of £5,500 until 1996 with interest at 11½ per cent. per annum | | | | | | |

Loans outstanding at 31st December, 1974, 1975 and 1976, totalling £272,000, £111,000 and £200,000, respectively, had been repaid by 24th December, 1977. The loans outstanding from County Bank Limited were repaid in full on 29th September, 1978. The security for the loan from Industrial and Commercial Finance Corporation Limited has been released since 24th June, 1978.

7. Deferred taxation

| The Group | | | | | | |
|--|-------|-------|-----------|-------|----------|-----------|
| 31st December | | | 24th June | | | 24th June |
| 1972 | 1973 | 1974 | 1975 | 1976 | December | June |
| £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Excess of capital allowances over depreciation | 5 | 24 | 81 | 120 | 206 | 772 |
| Leases | — | — | — | — | (265) | (240) |
| Capital gains | — | — | — | — | 41 | 141 |
| Other | — | — | — | — | — | 39 |
| Depreciation | 5 | 34 | 81 | 120 | 206 | 528 |
| Net book value | — | — | — | — | — | 563 |

The amount of benefit which has been taken for deferred taxation which it is estimated will not be payable in the future arises as follows:

| The Group | | | | | | |
|--|-------|-------|-----------|-------|----------|-----------|
| 31st December | | | 24th June | | | 24th June |
| 1972 | 1973 | 1974 | 1975 | 1976 | December | June |
| £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Excess of capital allowances over depreciation | 5 | 24 | 81 | 120 | 206 | 772 |
| Stock appreciation relief | — | 1 | (1) | (2) | — | 47 |
| Capital gains tax on revaluation of fixed assets | — | 53 | 141 | 318 | 417 | 1,584 |
| Other capital gains | — | — | — | — | — | 2,058 |
| Depreciation | — | — | — | — | — | 181 |
| Net book value | — | — | — | — | — | 66 |
| Ordinary shares of £1 each | — | — | — | — | — | 2,120 |

8. Share Capital

| Share Capital at 31st December, 1972 | | | | | | |
|--|--|--|--|--|--|--|
| Bonus issue of shares on 22nd December, 1976 | | | | | | |
| Bonus issue of shares on 19th December, 1977 | | | | | | |

On 23rd November, 1978 the 1,000,000 shares then in issue were sub-divided into 5,000,000 Ordinary shares of 20p each. On the same date the authorised share capital of the Company was increased to £3,600,000 by the creation of an additional 13,000,000 Ordinary shares of 20p each. On the same date the £1,800,000 of the 20p shares then in issue were converted into 9,000,000 Ordinary shares of 20p each, all of which were fully paid. The 20p shares were distributed by way of a bonus issue and the issued share capital of the Company was thus increased to £2,800,000. Under the terms of a contract dated 23rd November, 1978 with County Bank Limited the Company has agreed to allot and issue a further 1,000,000 Ordinary shares of 20p each.

9. Reserves

| The Group | | | | | | |
|---------------------------------------|-------|-------|---------------|-------|----------|-----------|
| Years ended 31st December | | | 24th December | | | 24th June |
| 1972 | 1973 | 1974 | 1975 | 1976 | December | 1978 |
| £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Opening balance | 298 | 505 | 815 | 1,430 | 1,820 | 2,388 |
| Transfer from profit and loss account | 207 | 310 | 615 | 790 | 1,088 | 1,287 |
| Capitalisation | — | — | — | (400) | (500) | — |
| Reserves at end of period | 505 | 815 | 1,430 | 1,820 | 2,388 | 3,675 |

10. Contingent liabilities

At 24th June, 1978 the Group and the Company had contingent liabilities of approximately £150,000.

Yours faithfully,
PRICE WATERHOUSE & CO.
Chartered Accountants.

INFORMATION RELATING TO THE PROFIT FORECAST
Assumptions

The forecast of profit of the Group for the year ending 23rd December, 1978 included under "PROFITS" has been compiled on a basis consistent with the accounting policies normally adopted by the Group and includes the results shown by the audited interim accounts for the 26 weeks ended 24th June, 1978. The principal assumptions on which the directors have based their forecast are that—

1. Trading results will not be affected by industrial disputes within the Group.
2. There will be no major disruption in the supply of Carpet and furniture and none of the Group

On the road to EMS

THE BRITISH Government's that it favoured EMU, and put Green Paper on the European up its own substantive proposals Monetary System is a major instead of talking about the step forward in both the Government's attitude towards the negotiation might have been European Community and transformed. The Green Paper towards the management of the is evidence of lost opportunities domestic economy. It discusses as well as of an eleventh-hour membership of the Community conversion.

The experience of the negotiations so far, coupled with time it contains the Government's strongest commitment to at least to have concentrated date to a policy of a firm exchange rate and monetary control.

Conversations

It is the change in the tone of the language towards the Community that is perhaps most striking. In one paragraph the Government actually speaks as though it means its "true spirit of Community action." In another, having stated that there is no objection in principle to entering international agreements to maintain stability in the exchange rate with the help of co-operative credit and reserve asset arrangements, the Government adds: "It is wholly appropriate that we should do this within the European Community to which the United Kingdom is a part. The italics are ours, but the phrase itself represents a world of difference from the previous approach that Britain was somehow a member of Europe rather than against her will. It also implies a welcome determination to stand up to the anti-European in the Labour Party.

It is true that, by stressing the need for a Community approach, Britain is seeking a say in the systems development which would not automatically be available in a system which bypasses Community institutions. But the tone still matters. Had the Government been prepared to speak like this from the moment when EMS first came up last spring, there would have been almost no end to the way it could have improved its negotiating position. The point tends to substance. It now appears that the Government is, at least theoretically, in favour of something approaching European Monetary Union, but is opposed to a system that is stronger member-currencies, or little more than a variant of the present European currency snake. The outsider can be provided that the Government means what it says, on the basis of all available it is reasonable to the basis of the allocation system. Provided that the Government had said earlier even at this late hour.

The test for cash limits

THE rate support grant local real terms but in no case will authorities receive from the Exchequer has come to be used to serve so many purposes that the equivalent of a 2p rate, it is rare indeed for all of them. This measure of payment grant began many years ago—indeed this is the appropriate term—is doubly welcome. The when the range and cost of local marked shift in grant share services started to outstrip the big cities and away capacity of local councils' own from other parts of the country rates—and even today one of the years has raised serious doubts main factors Ministers consider not only as to whether the when deciding the size of each changes have been pushed too year's grant is the level of rates far but, more worryingly, about increases it is reasonable to the basis of the allocation system expect ratepayers, as distinct item itself. Even the local authority associations whose members have gained most benefit have expressed concern on practical—if not yet on conceptual—grounds.

Assumptions

A further, and more crucial, factor is the importance which the Government is attaching to next year's grant as a restraint upon local spending. Its effectiveness for this purpose has been much enhanced by the introduction of cash limits, but the robustness of the cash limit system is likely to be put to its first real test in the coming year. Next year's limit has been set in line with the Government's current pay policies and with the corresponding Treasury assumptions about the rate of inflation, and it was upon this basis that Mr. Shore foretold average rates increases next April within single figures.

When local councils make their decisions in February, the local authority manual workers' pay claim will have been settled, but they will not know whether the cash limit will be reviewed in a year's time, as Mr. Shore has undertaken to do if his assumptions are "substantially" wrong, or indeed which Government and which Ministers they will have to deal with then and their policy towards cash limits in the public sector generally.

The first change is to give considerably larger grants to London, especially inner London. The present Government is London. The other is to pay an doubtless hoping that cash limits appropriate share of the needs will stiffen employers' attitudes grant direct to district councils in the forthcoming local shire counties. As a result authority pay negotiations. If a number of councils will gain they do not, ratepayers can say in some cases handsomely so, goodbye to single-figure rates while about 40 per cent of all rises next year—and doubtless rating authorities will lose in single-figure inflation as well.



Lothian, the SNP vote was with giving back to Scotland a has notably come back into Parliament of its own. Sensing fashion with the Conservatives.

The party of Scottish independence has always had two routes to its goal. The direct path was by way of sending a strong group of MPs to Westminster (more than 36, which is half the total seats in Scotland), thereby forcing the Government of the day to recognise the will of the Scottish people and to begin negotiations to dissolve the Treaty of Union of 1707. The gradual path was via a devolved Assembly, controlled by the SNP and used to show Scots that self-government works and that they ought to have more of it.

Unless there is a complete reversal of the existing position the first option has been closed. The indications are that at a general election next year Labour will consolidate its dominance and that the Conservatives—in spite of their poor showing in the poll—will pull back some of the seats lost to the Nationalists in 1974.

The second option depends on the events of the coming months. The SNP has left it late

to try to wrest back from the Government the kudos that goes

with giving back to Scotland a has notably come back into Parliament of its own. Sensing fashion with the Conservatives.

Its advantage. Labour has two weeks ago in a private session at the conference of the organisation to campaign for a Scottish party in Motherwell, and is intent on making the possible to do in gentle Tory circles to giving Mr. Teddy

Taylor, MP for Cathcart and Mrs. Margaret Thatcher's chief Scottish spokesman, a bloody nose.

The policy that he advocated at the beginning of the year,

which envisaged the Conservatives leading the "no"

referendum will result in a campaign in confident resounding vote in favour of a crushing defeat

devolution. But if the gamble for the devolution package, has been quietly modified in the

comes off, the rewards are high.

The party that comes out of the light of the Berwick by-election

Devolution was clearly the

gauged the mood of the electorate in enabling

Labour to increase its lead north

of the border while, on the same

day, its majority was being cut

in two in the English constituency of Pontefract.

The Tories will take a much

Assembly itself. Without a less aggressive stance in the

majority in the Assembly the will

referendum campaign so that if

the vote goes against them, they

can escape some of the consequences.

This analysis is widely shared by the parties in Scotland and

the spring: the European election

and the electors for the

Assembly itself. Without a less aggressive stance in the

majority in the Assembly the will

referendum campaign so that if

the vote goes against them, they

can escape some of the consequences.

This will be the front

overall Conservative campaign. Pym during his tenure as

Constituency spokesman

will hardly become involved.

The Conservative Party may

Mrs. Thatcher—unlike Mr. like the idea of a Scottish

James Callaghan, the Prime Minister—will not be journey

burgh, but if the referendum

result means that it is to be

alternatives to devolution, sure they retain sufficient

which were kept alive against

credibility to stand for elections

on the other side.

No central funds will be proposed is likely to be

allocated to the fight, and star published as a pamphlet next

at Central Office in Edinburgh month.

The Conservative Party may

Mrs. Thatcher—unlike Mr. like the idea of a Scottish

James Callaghan, the Prime Minister—will not be journey

burgh, but if the referendum

result means that it is to be

alternatives to devolution, sure they retain sufficient

which were kept alive against

credibility to stand for elections

on the other side.

No central funds will be proposed is likely to be

allocated to the fight, and star published as a pamphlet next

at Central Office in Edinburgh month.

The Conservative Party may

Mrs. Thatcher—unlike Mr. like the idea of a Scottish

James Callaghan, the Prime Minister—will not be journey

burgh, but if the referendum

result means that it is to be

alternatives to devolution, sure they retain sufficient

which were kept alive against

credibility to stand for elections

on the other side.

No central funds will be proposed is likely to be

allocated to the fight, and star published as a pamphlet next

at Central Office in Edinburgh month.

The Conservative Party may

Mrs. Thatcher—unlike Mr. like the idea of a Scottish

James Callaghan, the Prime Minister—will not be journey

burgh, but if the referendum

result means that it is to be

alternatives to devolution, sure they retain sufficient

which were kept alive against

credibility to stand for elections

on the other side.

No central funds will be proposed is likely to be

allocated to the fight, and star published as a pamphlet next

at Central Office in Edinburgh month.

The Conservative Party may

Mrs. Thatcher—unlike Mr. like the idea of a Scottish

James Callaghan, the Prime Minister—will not be journey

burgh, but if the referendum

result means that it is to be

alternatives to devolution, sure they retain sufficient

which were kept alive against

credibility to stand for elections

on the other side.

No central funds will be proposed is likely to be

allocated to the fight, and star published as a pamphlet next

at Central Office in Edinburgh month.

The Conservative Party may

Mrs. Thatcher—unlike Mr. like the idea of a Scottish

James Callaghan, the Prime Minister—will not be journey

burgh, but if the referendum

result means that it is to be

alternatives to devolution, sure they retain sufficient

which were kept alive against

credibility to stand for elections

on the other side.

No central funds will be proposed is likely to be

allocated to the fight, and star published as a pamphlet next

at Central Office in Edinburgh month.

The Conservative Party may

Mrs. Thatcher—unlike Mr. like the idea of a Scottish

James Callaghan, the Prime Minister—will not be journey

burgh, but if the referendum

result means that it is to be

alternatives to devolution, sure they retain sufficient

which were kept alive against

credibility to stand for elections

on the other side.

No central funds will be proposed is likely to be

allocated to the fight, and star published as a pamphlet next

at Central Office in Edinburgh month.

The Conservative Party may

Mrs. Thatcher—unlike Mr. like the idea of a Scottish

James Callaghan, the Prime Minister—will not be journey

burgh, but if the referendum

result means that it is to be

alternatives to devolution, sure they retain sufficient

which were kept alive against

credibility to stand for elections

on the other side.

No central funds will be proposed is likely to be

allocated to the fight, and star published as a pamphlet next

at Central Office in Edinburgh month.

The Conservative Party may

Mrs. Thatcher—unlike Mr. like the idea of a Scottish

James Callaghan, the Prime Minister—will not be journey

burgh, but if the referendum

result means that it is to be

FINANCIAL TIMES SURVEY

Monday November 27 1978

Scotland

JULY 1978

The proposals for devolution and the introduction of a Scottish assembly raise strong passions on both sides and the result of the referendum next March will have major implications for life north of the border.

Voting for its future

By Ray Perman
Scottish Correspondent

TO SAY that Scotland is embarking on a year that could be as significant as 1707—as which is well provided with some people are doing—is fighting fires by two sub-probably an exaggeration. There stantial bequests, will also be nothing quite as campaigning heavily for the dramatic as the absorption of assembly and the Liberals. the Scottish Parliament into that although desperately short English. But politically and money and stretched to the economically 1979 could mark limit by virtual constant cam-

politics north of the border from Front Bench to come over the past decade should any independent conclusions, make us cautious about assuming any results, but it is safe to say that a lot depends on the changes.

The Labour Party has been the first to spell out its plans for the referendum, which it is taking very seriously, having decided to devote £50,000 to the campaign for a "Yes" vote. How much support the Government will give to its own policy to set up a legislative assembly in Edinburgh, is not yet clear. Ministers will be expected to abide by the doctrine of collective responsibility and support the "Yes" campaign, but how many will be prepared to take an active part in it remains to be seen.

The devolution issue is one that raises strong passions on both sides and there will be a number of notable dissidents on both sides. Yet as the lines are now drawn up, the Tories will be fighting virtually alone. In general they have the support of business in Scotland, as the "Yes" campaign has the support of the trade unions. But no major company has yet committed itself to putting money into the campaign.

Register

For the referendum to succeed there must not only be a majority of voters in favour, but the number voting "Yes" must be equal to or more than 40 per cent of the whole electorate. The fact that the vote will be taken two weeks after the new register comes into effect will be of some help to the "Yes" campaigners, but the hurdle will be a difficult one to surmount.

Of the political parties, that

leaves only the Conservatives to busy one, with elections to the European Parliament, a general moment they are committed to first elections could be held next autumn and by this time next year the new body could be meeting to draw up its standing orders and elect its committees.

make us cautious about assuming any results, but it is safe to say that a lot depends on the changes.

The European elections, for decision on whether these eight Scottish seats and the should be used to boost con-

ness School. General Election are too far from the present or provide more direct away for any accurate prediction to be made of their outcome. Labour presently has a commanding lead in the opinion economy.

polls, but similar leads have been overturned before.

A Labour victory in a General Election is likely to mean an more predictable path. Recently in the budget of the it has been enjoying a mini-

Scottish Development Agency boom resulting from the (already promised in the increase in consumer spending,

Queen's Speech) and possibly which has been prompted by legislation to give the Highlands the lower inflation rate in real incomes.

Board the extra powers it has asked for to intervene in the land market where there is evidence of deliberate neglect of estates. A Conservative Government would almost cer-

tainly retain the agency, but is per-

haps likely to limit its freedom to invest in private companies, and before larger settlements work

so the real level of spending

looks set to stay ready or go on rising, even if the Chancellor decides to limit the effect by fiscal measures.

Aspects of national economic policies are also likely to affect

Scotland. A Conservative energy policy, encouraging intensive

development in the North Sea, would help those companies and areas which provide goods and services to the oil industry (at least in the short term), and growth in the economy could be

since the next Government will be as high as 2.8 per cent during low level at the beginning of

1978. Given a slightly different year and can be expected to

say over the spending on view of some of the parameters, have fallen further in response

to the latest increase in interest rates.



Settlements

This state of affairs is likely to persist for a while, particularly if, as seems likely, wage increases are above five per cent. It will take some time for the effect through to prices, so the real level of spending looks set to stay ready or go on rising, even if the Chancellor decides to limit the effect by fiscal measures.

The Fraser of Allander Institute at Strathclyde University, using its econometric model of the Scottish economy, is currently predicting that overall growth in the economy could be

since the next Government will be as high as 2.8 per cent during low level at the beginning of

1978. Given a slightly different year and can be expected to

say over the spending on view of some of the parameters, have fallen further in response

to the latest increase in interest rates.

FOR SALE / TO LET

Livingstone Street, Clydebank
Industrial complex of approximately 200,000sq.ft. with craneage on 11 acre site accessible to Glasgow City Centre and Glasgow Airport. For sale.

Albion Trading Estate, South Street, Glasgow

Newly completed estate with units from 5,400sq.ft. to 22,750sq.ft. available for immediate occupation. To let.

Woodville Street, Glasgow

Industrial complex of 55,400sq.ft. approximately with excellent craneage close to M8 motorway and Glasgow City Centre. For sale.

Scotland Street Trading Estate, Glasgow

New units under construction from 1,800sq.ft. to 31,000sq.ft. ready for occupation summer 1979. To let.

Possilpark Industrial Estate, Glasgow

Last two remaining units of 4,500sq.ft. and 5,200sq.ft. on established estate. To let. Further units constructed to clients requirements.

Hawthorn Street, Possilpark

Modern warehouse/showroom complex of 70,000sq.ft. approximately suitable for subdivision with adequate yard facilities. For sale or to let.

Tradeston Industrial Estate, West Street, Glasgow

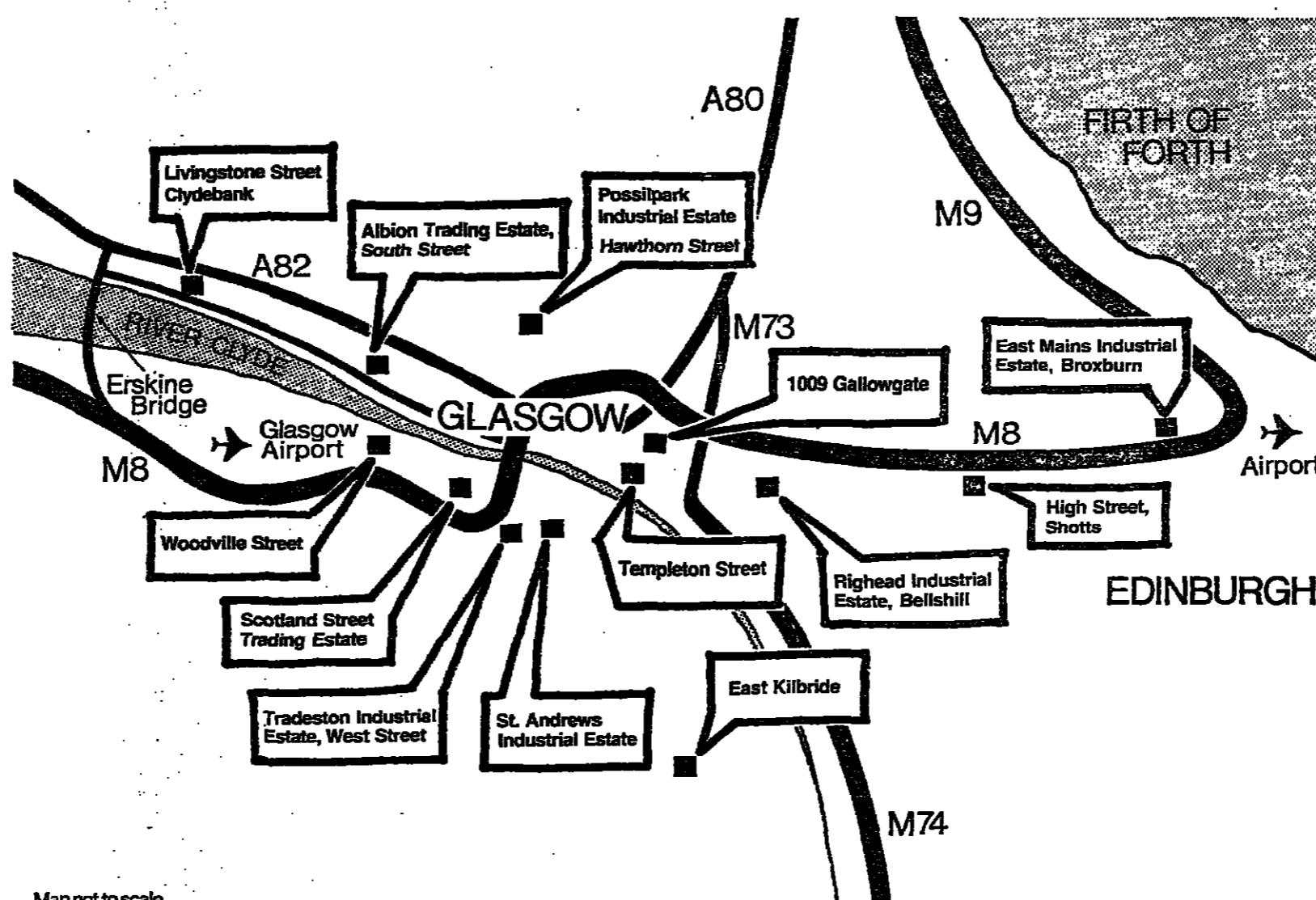
Last remaining units of 10,125sq.ft. or 20,250sq.ft. on this successful city centre estate. To let.

St. Andrews Industrial Estate, Pollokshaws Road, Glasgow

New warehouse units from 5,000sq.ft. upwards with occupation late 1979. To let. Total development 78,000sq.ft.

1009 Gallowgate, Glasgow

Showroom and workshop complex of 95,500sq.ft. with main road frontage. For sale.



Map not to scale

Templeton Street, Glasgow
Industrial complex extending to 390,000sq.ft. approximately including offices and production space. For sale.

East Kilbride

Modern light industrial/warehouse units from 1,000sq.ft. upwards. To let/for sale. In highly successful new town.

Righead Industrial Estate, Bellshill

New warehouse units adjoining motorway network from 15,000sq.ft. ready for occupation end of 1979. To let.

High Street, Shotts

Modern warehouse buildings from 10,000sq.ft. to 30,000sq.ft. close to M8 motorway. To let.

East Mains Industrial Estate, Broxburn

Phase IV of this established estate ready for occupation summer 1979 in units from 4,000sq.ft. close to M8/M9 interchange. To let.

Investment

Our investment department wish to acquire prime commercial and industrial properties for retained clients.

Offices

We also have available various office suites throughout Scotland.

Shops

Prime shop units throughout Scotland required for retained clients.

Richard Ellis, Chartered Surveyors
75 Hope Street, Glasgow G2 8AJ
Telephone: 041-204 1831
Telex: 778647

London, Manchester, Belgium, France, Holland, Spain, South Africa, Australia, USA, Canada, Singapore, Hong Kong.

Richard Ellis

Scotland's building materials.

Scottish money and Scottish know-how—these are the bricks and mortar—the Clydesdale Bank supplies for Scotland to build on. Through its 368 branches, the Clydesdale Bank can offer virtually every banking and financial service on site. Even more problems can be dealt with locally—the benefit of using a bank whose head office is also in Scotland. Not only does the bank's parochial interest assist negotiations around the world-wide market—but when it comes to banking in Scotland, the Clydesdale Bank will ensure you can count on it.

Clydesdale Bank



The bank that's nearest to you
and your needs.

Head Office:
30 St. Vincent Place
Glasgow G1 2HL

"There was never any question
of us opening anywhere else in Britain.
It had to be Scotland."

Adam Thomson, Chairman, The Caledonian Airways Group.

"We chose Prestwick for our New Aircraft Engine Overhaul and Test Plant because it provides all the facilities needed for cost effective operation. With the area's history of aviation work, there's a ready pool of labour capable of tackling such specialist engineering."

S.D.A. involvement enabled us to embark on this exciting development and afforded The Caledonian Airways Group, parent company of B.Cal., the opportunity to help support the Scottish economy."

And it's just one illustration of how the SDA can advise and invest in the expansion of industry where growth potential exists."

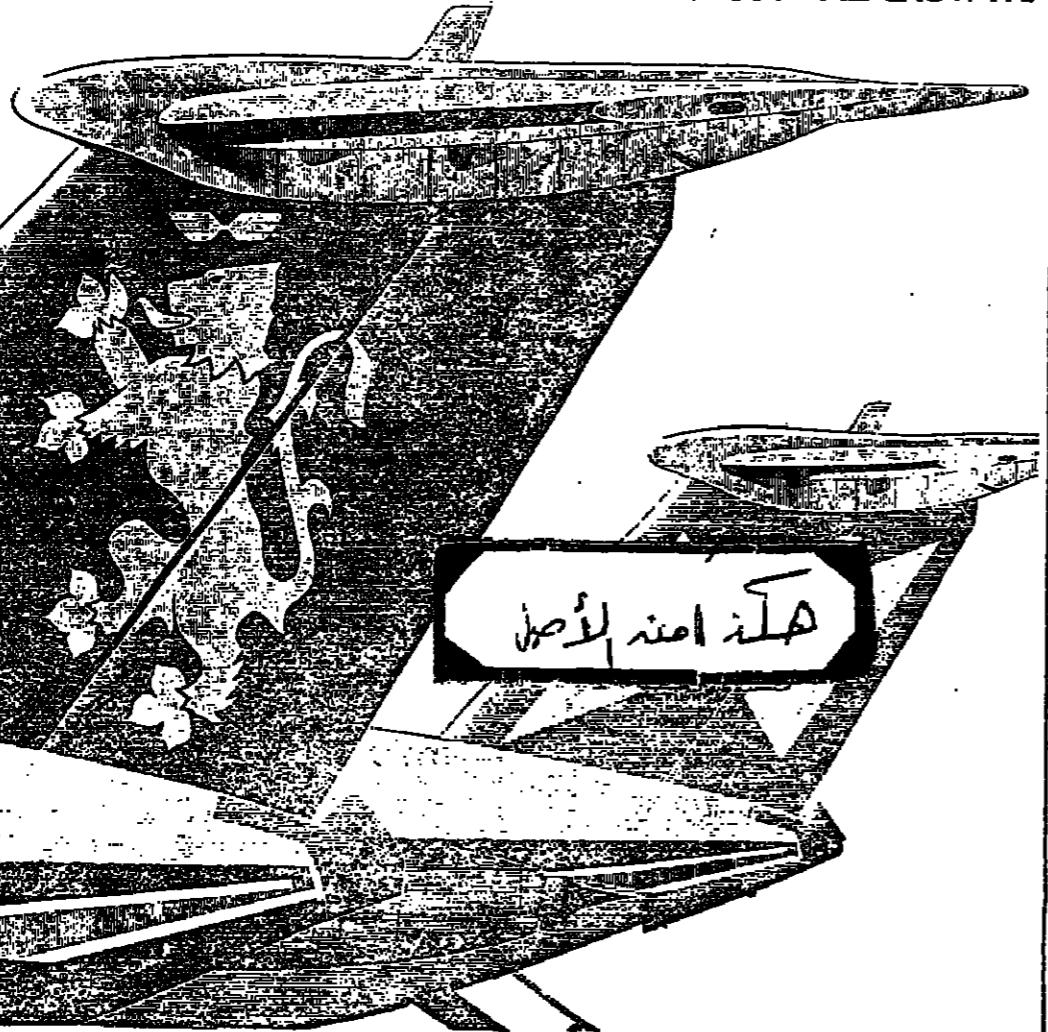
Formed to promote industrial and economic growth throughout Scotland, the SDA have the resources to back words with action. Through financial incentives as well as sites and factory accommodation, helping companies expand and spread their wings.

To find out more, contact James Gorrie, the SDA's Director, Promotion and Information.



Scottish Development Agency
120 Bothwell Street, Glasgow G2 7JP
Tel: 041-248 2700 Telex 777600

THE SIGN OF SCOTLAND'S INDUSTRIAL GROWTH



SCOTLAND II

Devolution debate warms up

FOR A SCOT TO admit that he will be glad to see the arrival of St. David's Day is unusual. And it is not just a matter of especially as the admission whether Scotland will vote Yes comes just a few days before his own patronal festival of St. Andrews. But the Welsh festival coincides next year with voting day on devolution and the whole business community in Scotland will be enormously relieved to have got through the weeks between now and March 1.

The majority of industrialists have little sympathy for the principle of a devolved Scotland. Anything that even hints at another layer of bureaucracy is widely opposed and there is a general feeling that a Scottish assembly would lead to even more diffusion in the decision-making process. This considerable weight of opposition might be concentrated in Glasgow and the industrial heartlands of Scotland around the Clyde but it is almost as universally felt along the east coast and among those in the Highlands.

This feeling is held despite the fact that business will not be directly affected by any Scottish assembly. Economic, trade and industrial questions will continue to reside with the central government at Westminster and therefore he dealt with as far as Scotland is concerned, by the Scottish Economic Planning Department. The Scottish Development Agency will certainly become an arm of any assembly but that might be considered a stabilising factor. Industry and commerce now know how, and in what fashion, the SDA works and there is considerable respect among business for the way it has gone about its operations. So this could be said to be a stabilising factor.

These are not the only worries. Industry is also concerned that any Scottish assembly would be dominated by the Labour Party. Some

think the party could account for as many as three-quarters of the seats; others that a Labour

majority will be a perpetual feature and even if industrial matters are not part of the assembly's initial remit because of the close links between an assembly and a Labour Govern-

ment in Whitehall there will

inevitably be a transfer of such powers to Edinburgh.

They believe that pressure

from the Scottish National Party

will keep up this momentum and

therefore do not see an easy

future for the Scottish economy.

So it is easy to see why many

of them prefer to take a chance

on the pendulum swinging back

to a Conservative government at

Westminster on the backs of the

vote of the English shires rather

than wait for the possibility of a Conservative-controlled Scot-

ish assembly.

It believes that investment

intentions have dropped back

after a summer surge, that early

summer optimism about export

prospects has had the edge

taken off in that there has been

a loss of price competitiveness

following the strength of the

sterling and that there is little

likelihood of any increase in manufac-

turing employment.

The Fraser of Allender report

is not thought to be

wrong about where the economy

is going so much as misguided

at the speed with which it is

going forward according to the

CBI. Uncertainty is the key

word among its members.

offices in Scotland in order to problems to be overcome then keep themselves informed on these are a continuing reflection the spot of developments in the of the way in which the industry base still reflects so much economy. This group has been joined only recently by a Swiss bank and there is no sign that this source of interest will dry up. The way in which Wales has managed to attract the bulk of the inward flow of Japanese investment and would like to share a little of that gravy. The decision of Hitachi to go to the North East of England before it was forced to withdraw altogether was a serious disappointment.

In compensation, Scotland has managed to attract more American investment than any comparable part of assisted Britain. These newcomers have been, in the main, high technology oriented and have contributed substantially to the country's national income. The fears prove eventually to be groundless or well substantiated the plain fact is that they exist and they now colour all discussions that go in within organisations such as the CBI and the chambers of commerce.

Popular

Another tangible fear is that much of the progress Scotland has made over the past two or three decades will be dissipated as a result of the coming into being of an assembly. Scotland has benefited enormously from the building-up of the Scottish Office and the enhanced role played within the cabinet by successive secretaries of state. Not without justification it is felt that Scotland has done extremely well from national policies, certainly rather better than the north of England, for instance. The Scottish Office is generally looked upon as a base for new American enterprise. There are good grounds for believing that part of the development of the micro-chip industry will go to Scotland. But attracting new industry is a never-ending business and will continue to play a major part in the lives of a lot of people.

There is one rider to be added to the general Cassandra-like attitude towards devolution and this rider might be important in softening the opposition of some people. Before Scottish Office is generally looked upon as a base for new American enterprise, even if there are some very vocal complaints, and with both the minister and that no offer as Scottish Economic Planning Department and the Scottish Industrial Advisory Board without considerable thought strongly represented in Glasgow being given to it. It is too soon to say whether the industrial sector of the economy feels that it has received a fair share of a handful of votes. But it might government attention. If there are still enormous

Anthony Moreton

Attitudes

The mild flirtation that many businessmen appeared to have with the SNP a couple of years ago also appears to have pattered out. As the SNP has slipped in the opinion polls so attitudes towards it from the boardroom have hardened.

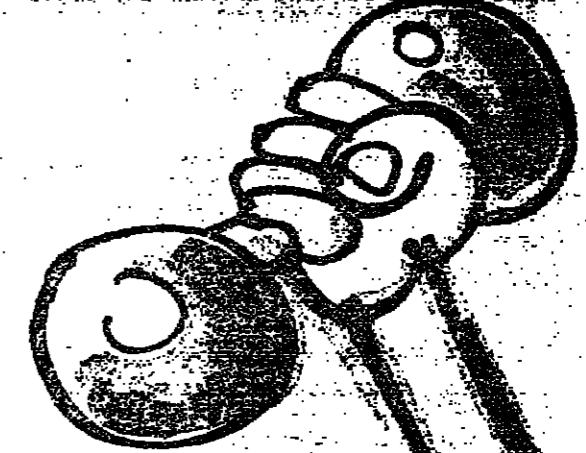
This does not mean that business is any less keen on establishing a presence in Scotland. One of the features of the past half a dozen years has been the way in which the bigger industrial concerns and banks have opened representative

offices in Scotland.

Less deadweight means reduced operating costs. And standardisation in production means that any type of MONOBLOCK crane can be assembled quickly and easily from stock parts. To lift anything from steel to scrap metal, cable to concrete pipes.

Over the years, this award-winning MONOBLOCK design has become even more robust and reliable. And Carruthers provide a contact maintenance service and fast spare parts delivery to back up its excellent performance record.

Carruthers MONOBLOCK cranes are built to lift—and last.



We're the right build for weightlifting.

Carruthers MONOBLOCK Cranes can be found anywhere there's overhead lifting to be done. In steelyards, construction sites, shipyards, engineering works, stockyards—all over the world.

The basic design feature is a single, immensely strong box girder with high torsional resistance.

Less deadweight means reduced operating costs. And standardisation in production means that any type of MONOBLOCK crane can be assembled quickly and easily from stock parts. To lift anything from steel to scrap metal, cable to concrete pipes.

Over the years, this award-winning MONOBLOCK design has become even more robust and reliable. And Carruthers provide a contact maintenance service and fast spare parts delivery to back up its excellent performance record.

Carruthers MONOBLOCK cranes are built to lift—and last.

Over the years, this award-winning MONOBLOCK design has become even more robust and reliable. And Carruthers provide a contact maintenance service and fast spare parts delivery to back up its excellent performance record.

Carruthers MONOBLOCK cranes are built to lift—and last.

Exporting successes

THE CLAIM that Scotland consistently outperforms the rest of the UK in manufactured exports has recently been confirmed in a survey carried out by the Scottish Council for Development and Industry.

The council has been regularly monitoring Scottish exports since the 1960s. Its latest update, published last month, indicates that Scottish exports rose 24 per cent in volume between 1974-77 compared with an only 14 per cent increase in the UK as a whole.

As for its share of UK manufactured exports, Scotland, with a population of 8.3 per cent of the UK, had the following percentage over the same period:

| | |
|------|------|
| 1974 | 10.4 |
| 1975 | 11.2 |
| 1976 | 12.8 |
| 1977 | 11.5 |

In money terms, the council estimates an increase in the value of Scottish exports from £1,664m in 1974 to £3,565m last year, a rise of 114 per cent in four years. It adds the proviso that possible sampling errors might suggest a range in increases of between 102 and 121 per cent. Nevertheless, says the report, this should not invalidate the general observation that Scottish manufactured exports grew more and that Scottish production is more export-oriented than the UK as a whole.

Reviewing the performance of individual industries, the report points to engineering—mechanical, instrument, elec-

Figures

However, last year the EEC took as much as 38.2 per cent of Scottish exports (compared with only 30.1 per cent in 1974), with 13.6 per cent going to the U.S. (16.7 per cent in 1974) and 17 per cent to the Sterling Area (20.5 per cent in 1974). Excluding whisky, the proportion of exports going to the EEC was 41.4 per cent last year, with the U.S. taking only 10.3 per cent (about the same as EFTA and the Sterling Area 15.4 per cent).

The export performance of Scottish industry has a great deal to do with its structure and ownership. The bulk of whisky produced in Scotland (comprising virtually all whisky produced in the UK) is being traditionally consumed abroad which automatically lifts the export figures. As indicated

CONTINUED ON NEXT PAGE

J.C. Carruthers

MOVE UP WITH MONOBLOCK

J. H. Carruthers & Company Ltd.

Peel Park Place, College Milton, EAST KILBRIDE, Glasgow G7 6PL

CONSULT THE FREE

Rippin

TECHNICAL ADVISORY SERVICE

DESIGN

FABRICATION

SHOTBLASTING

ERCTION OF

STRUCTURAL STEEL

FRAMED BUILDINGS

Rippin

Station Road, Auchterarder, Fife KY14 7DP

Telephone: Auchterarder (0382) 666

OVER
IN
30 C

520
lass
Se

Financial sector

THE MOST conspicuous change in the Scottish banking scene this decade is the extent to which it has "gone international." The influx of branches and representative offices by foreign banks has been paralleled by major increases in the foreign business of domestic banks and the rising number of branches and representative offices being established overseas.

This expansion in the domestic banks' foreign business (partly fuelled by the investment and service requirements of North Sea oil and gas developments) has done a good deal more than boost their assets. It has helped them, as has the North Sea spin-off, to weather practically unscathed the collapse of the property market and the subsequent economic stagnation. (Two exceptions were Edward Bates, bailed out by the Bank of England and the British Bank of Commerce, taken over by Grindlays.) It has helped to counter growing competition from English and foreign banks. More recently, it has been instrumental in partially propping up profits squeezed by the "corset," the narrowing interest margins, one or two bad debts and rising costs.

Underlining it all was the Bank of Scotland's half-yearly report for the period ending August 31, 1978, which—characteristically for recent years—showed a slight drop in pre-tax profits. Had it not been for its highly profitable subsidiaries, the finance company North-West Securities and the merchant bank British Linen (which contributed around 40 per cent of the bank's pre-tax profits in the year 1977-78) as well as the growth of its international business, the Bank of Scotland report would have presented a sorry picture indeed.

The same applies to a lesser extent to the Royal Bank, whose 40 per cent share in the finance company Lloyds' and Scottish contributed around 16 per cent of the latest 1976-77, pre-tax profits and whose foreign cur-

rency advances and deposits rose by 41 per cent and 38 per cent respectively in that year. In the case of the Bank of Scotland, foreign business now amounts to almost a quarter of the total and, according to Greenwell's circular in July 1978, only 42 per cent of the group profit originates from domestic banking.

In terms of profits growth the Clydesdale Bank, a wholly owned subsidiary of Midland, outperformed its two larger Scottish rivals with a 30 per cent rise in 1977 pre-tax profits. It should be noted, however, that with their financial year covering different periods, comparisons should be treated with caution. On the other hand, Clydesdale, with its relatively smaller foreign currency portfolio owing to the Midland link, has less of a buffer in hard times.

Deposits

The latest (August 1978) return by the Committee of Scottish Clearing Bankers indicates that the three Scottish clearers combined had total foreign currency deposits of £851m (out of total deposits of £4.33bn), £182.5m up on August 1977 and no less than 40 times the 1971 figure. Overseas residents provided £317.8m, or 37 per cent of total currency deposits.

Currency market loans and advances, at £867.7m, were up by about the same amount on the previous August. Overseas residents' currency advances took up £249.1m of the currency total of £554.1m, or over 18 per cent of total advances. Currency loans and advances have grown over 30 times since 1971.

The rapid expansion of foreign business is partly due to the clearers' increasing participation in syndicated (mainly Eurocurrency) transactions, much of which used to be (but is no longer) North Sea-oriented. At present, for instance, only about a quarter of the Bank of Scotland's currency loans are oil-related.

Another aspect of the "inter-

nationalisation" of Scottish operating in Scotland claim that banks is the establishment of their operations are worth over £100 million in that year. Both the Big Four London Royal Bank and the Bank of Scotland are now represented in Hong Kong, with an eye to the promising Far East business, including China. The Royal Bank intends to upgrade its office to full branch status next year.

All three clearers as well as the James Finlay Corporation, a Glasgow merchant bank of recent vintage, are represented in the "oil capital" of Houston. The Royal Bank and the Bank of Scotland have offices in New York, while the Royal Bank plans to upgrade its San Francisco office to an agency early next year.

The invasion of Scotland by English and foreign banks, a significant feature of this decade, has abated somewhat but not the competition for what appears to be limited business. (The latter has caused leading Scottish bankers, including Mr. Andrew Russell of the Bank of Scotland and Mr. Alexander Macmillan of Clydesdale, to wonder if Scotland has too many banks for all of them to operate profitably.) So Scottish merchant banks and finance houses have increasingly been looking elsewhere, mainly to the south, for additional business.

Noble Grossart's investment subsidiary, for instance, has joined with the Charterhouse group to invest £700,000 in Gulliver Foods, a new venture by the former chief executive of Fine Fare. British Linen, the recently re-formed Bank of Scotland finance company, is looking south for participation by its investment subsidiary, Melville Street Investments, which has just trebled its share capital to £3.3m. The James Finlay Corporation has re-launched four unit trusts its parent, James Finlay and Co., had bought from Charterhouse Japhet and is planning three further unit trusts as a "shot window" to its banking activities.

James Finlay also made news earlier this year by arranging with British Linen the sale of the North Sea service company Seafar Maritime to the parent company and the contractor Taylor Woodrow in an £8m deal. These moves may help to retrieve the bank's 1977 loss of £32.8m (pre-tax), its first since it started up in 1974. Overbanking or not, most of the English and foreign banks

Interest

While the influx of English and foreign banks into Scotland has now slowed down, interest in the country has not. The takeover within the past year of two of Scotland's leading investment trusts, the British Investment Trust, the British and Edinburgh and Dundee, by the National Coal Board and British Rail pension funds respectively, both bids, hotly but unsuccessfully contested—delivered, in the words of Mr. G. A. Stout, deputy chairman for Scotland of the Association of Investment Trust Companies, an "immediate blow to morale." Mr. Stout went on to say that "the potential erosion and even dissolution of experienced financial teams which further bids would cause are not developments which should be lightly dismissed."

Pension funds are of course the largest single group of equity holders in the UK, with combined funds bigger than the Government's total annual income from all sources. They are formidable but not always adventurous investors—a fact cited as one of the main reasons for the alleged shortage of risk capital, particularly for smaller companies. It is this breach into which the Scottish Development Agency (26 investments so far totalling £18m) and in its own area the Highlands and Islands Development Board are meant to step, often in partnership with the banks. One concern that if there is a dearth of invention and innovation north of the Border, today, the cause may not be lack of risk capital—it could well lie elsewhere.

Andrew Hargrave

**Are you looking
for property
in Scotland? If so
look at Bett.**

Look at our site at Portlethen, Aberdeen.
Look at our site at Dryburgh, Dundee.
Look at our site at Balmiefield, Dundee.
Look at our site at Kinross.

On all these sites Bett can offer you
advance units or purpose built units
to suit your exact requirements.



BETT BROTHERS (PROPERTIES) LTD
P.O. Box 1, 9 Cox Street, Dundee.
Telephone (0382) 8491

JBEKT
OVER 5000 MW
IN MORE THAN
30 COUNTRIES

**520MW of this
is associated with
North Sea developments**

JOHN BROWN ENGINEERING
GAS TURBINES LIMITED
Clydebank, Dunbartonshire, Scotland
Tel: 041-952 2030 Telex: 778395
A Member of the John Brown Group

Exporting

CONTINUED FROM PREVIOUS PAGE

earlier, however, other manufacturers, especially the engineering and construction industries, have come into the fore in recent years. This, in turn, reflects the nature of the companies that have played a major role in the diversification of Scottish industry since World War Two.

The ownership of Scottish manufacturing industry is also being monitored by the Scottish Council. It has a substantial U.S. ingredient which now employs around 100,000 people. The labour force has not changed much since 1973, the year of the first published analysis—40 per cent Scottish, 60 per cent rest of UK and 20 per cent foreign (including 16 per cent U.S.)—but surveys have pinpointed the much higher export content within the output of non-Scottish companies.

Output

For example, the Scottish Input-Output tables referring to the 1973 list electrical machinery, computers and electronics, construction equipment, shipbuilding, industrial engines and spinning and weaving as those exporting the largest proportion of their output—after whisky, of course. The export shares in these industries range from 59 per cent to 40.9 per cent. In value terms, computers and electronics, with 8.9 per cent of all Scottish exports (second only to whisky) and with 55.4 per cent of their total output exported stand out as high-value low-volume products ideal for export.

One finding of the exports survey which presents an obvious problem to Scottish ports is the declining proportion of trade handled by them. It is a sector dominated by the U.S. majors such as IBM, Burroughs, Honeywell, NCR, Hewlett-Packard and, more recently also General Instruments, National Semiconductors and Digital Equipment. Yet another survey by the council, also published in 1973, had indicated that U.S. manufacturers in Scotland exported 43 per cent of their output and their exports comprised 31 per cent of the Scottish total, or about double the Scottish average per employee.

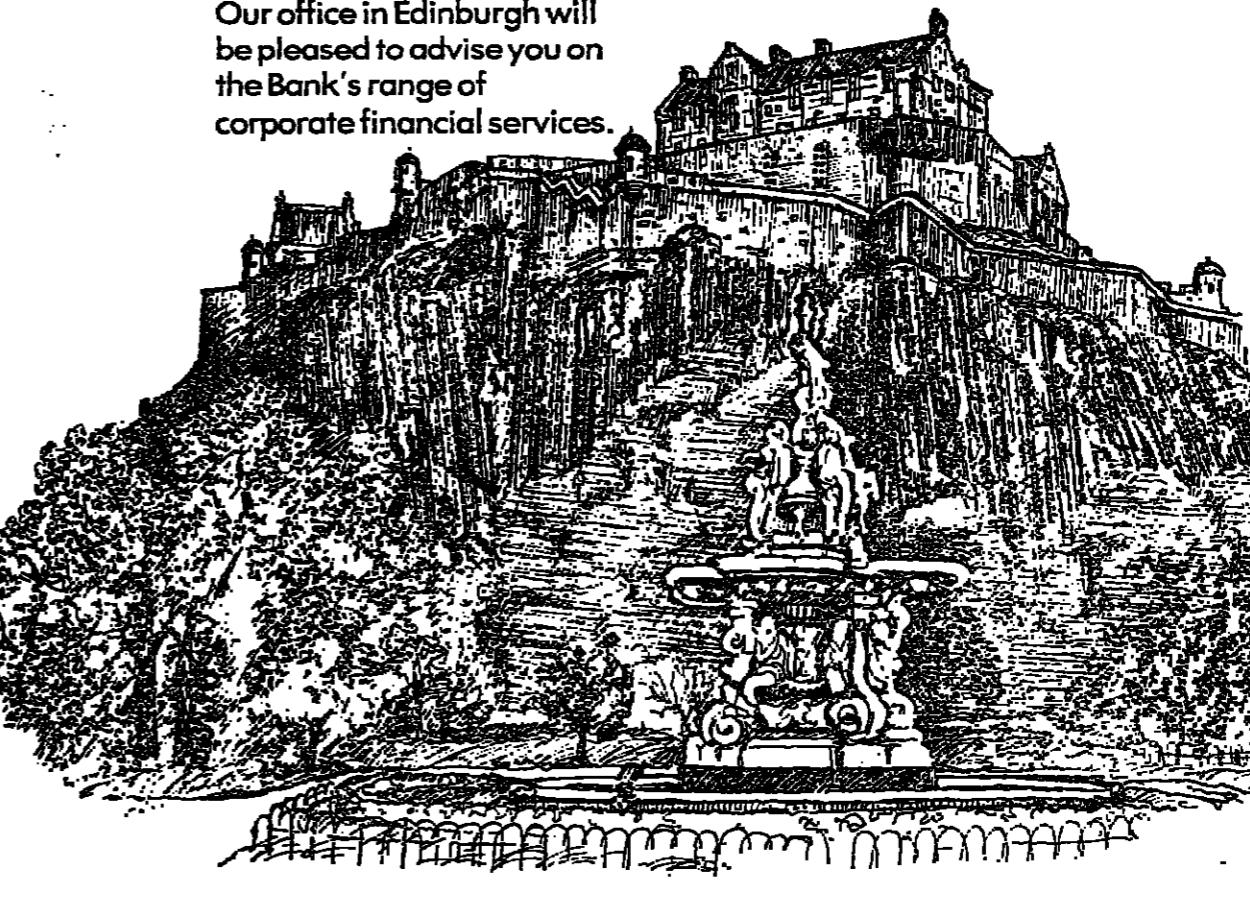
Companies with head offices elsewhere in the UK have also done better than average as the high export ratios from electrical machinery and office

BNP in Scotland

Just in time

Established in the City of London for over a century, BNP Limited is an international commercial bank. As a member of the BNP Group, one of the world's largest banks, BNP Limited belongs to a network extending over sixty-eight countries.

Our office in Edinburgh will be pleased to advise you on the Bank's range of corporate financial services.

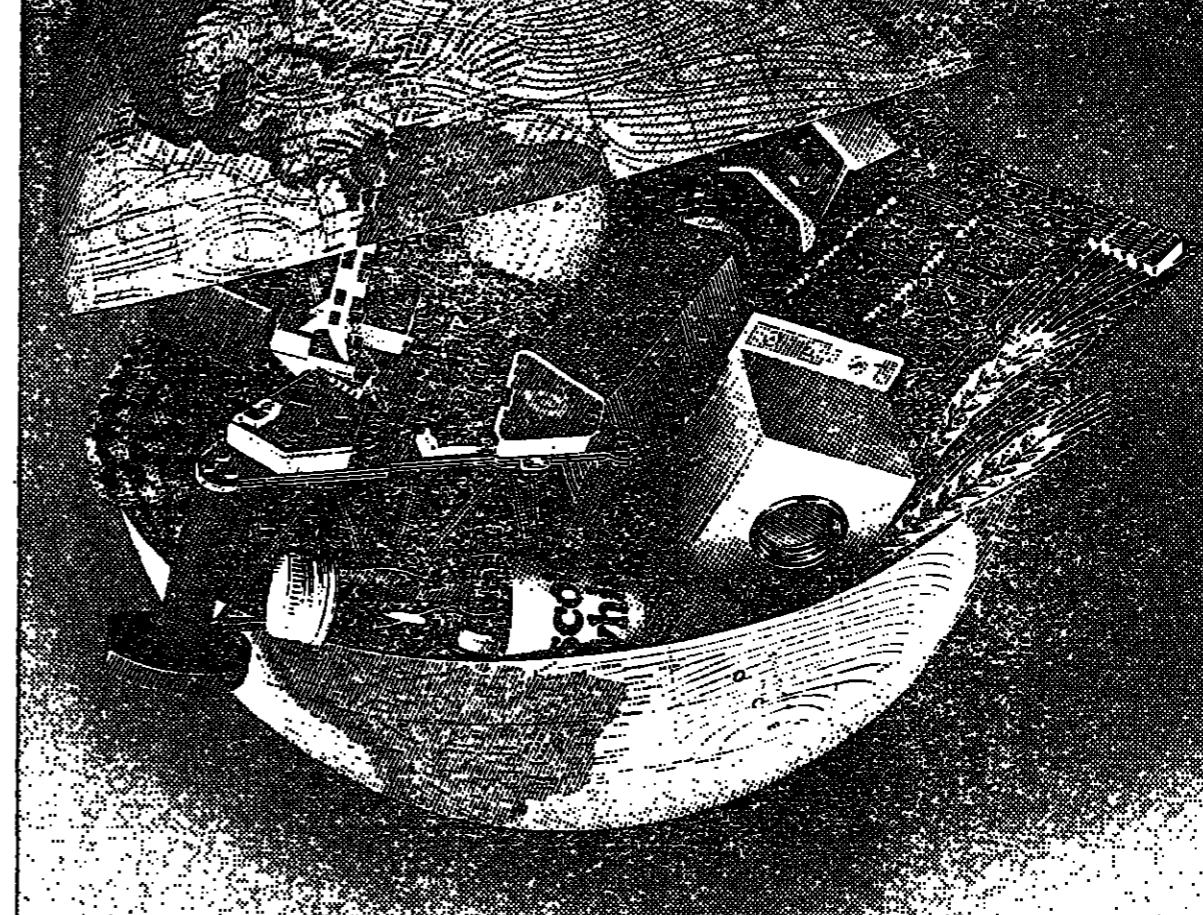


Banque Nationale de Paris Limited

21 Melville Street, Edinburgh EH3 7PE. Tel: (031) 226 3388.

Head Office 8-13 King William Street, London EC4P 4HS. Tel: (01) 626 5678.
BNP Group Head Office: 16 Boulevard des Italiens, Paris 75009.

**Bank of Scotland—because
to some people
the world is a supermarket.**



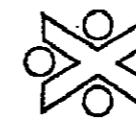
If you're starting to think export, you're starting to ask questions.

Overseas contacts? Licensing and trade restrictions? Tariffs? Shipping Documents? Insurance? Payment in currency or sterling?

A lot to find out. Bank of Scotland, with its specialist knowledge of international trade, can guide you to most of the answers.

Simply talk it over with your local Bank of Scotland Manager who will gladly put you in touch.

In no time, the only thing climbing the wall will be your export graph.

 **BANK OF SCOTLAND**

JULY 1978

Expansion in the electronics sector

THE ELECTRONICS industry in Scotland is showing signs, after a period of retrenchment, of being ready for another period of growth.

Scotland has not so far benefited from the Government's multi-million pound commitment to the electronics industry—apart from consultancy fees for Mackintosh Consultants of Cumbernauld, who have prepared data for the NEB on the proposed INMOS company.

Two major companies have however announced the building of major plants in Scotland and a third is opening one of the most advanced integrated circuit manufacturing complexes in the world.

More important perhaps for the future of the industry in Scotland is the designation of Edinburgh University as one of the two UK centres for advanced microelectronics by the Science Research Council and with the aid of a £216,000 grant will set up a new silicon chip processing facility.

Decision

Completely separate from the NEB and Central Government efforts in micro-electronics, the Scottish Development Agency has commissioned an in depth study of the industry and the potential for Scotland from Booz Allen and when the report is ready in the New Year, the SDA is ready to back new projects with its own cash.

To top it all off, of course, would be a decision by Texas Instruments to site their new European facility in Scotland with the promise of more than 2,000 jobs—with a spin off for the dozens of small components firms in Scotland's "electronics

industry".

Livingston is highly delighted particularly since the R and D

content from both firms fully justifies the decision to retain the site for advanced industry even though a period when their stock of industrial land was becoming perilously thin.

The two plants will employ around 500 people when building is completed in about three years, and both firms have retained a large area of the site where micro-electronics engineers are becoming world their weight in (if not gold) certainly silicon chips.

The New Town of Livingston, which was almost the only

sizeable town in the East of Scotland without a significant electronics manufacturer, has utilised both the supply of graduates and research facilities.

reversed its position in less than a month with the decision.

Burroughs to set up a latest in a series of expansion Burroughs, development and projects in the industry in the production centre for advanced last few months which have banking equipment and of been announced or are coming

plans by the MFE Corporation to fruition. It is difficult to find

of New Hampshire to build its first European facility (complete with a R and D unit) on the

in the offing.

Proximity

MFE particularly chose the site because of proximity to Edinburgh's two universities to

Scotland without a significant

electronics manufacturer,

has utilised both the supply of

graduates and research facilities.

than a month with the decision.

Burroughs to set up a latest in a series of expansion

Burroughs, development and projects in the industry in the

production centre for advanced

last few months which have

banking equipment and of been announced or are coming

plans by the MFE Corporation to fruition. It is difficult to find

of New Hampshire to build its

first European facility (complete with a R and D unit) on the

in the offing.

Significant

It is significant that in many

cases the growth is being

fuelled by development work on

the new facility of 100,000 sq ft site, not just in Scottish-based

firms, but in the American-owned plant will be expanded

as well. In

by a further 100,000 sq ft for

Scotland most of the big Ameri-

can manufacturing and engineering

have a presence and they range

from IBM, Honeywell, NCR and

36,000 sq ft plant to manu-

facture "floppy disc" cassette

Digital Equipment, General

drives and will set up a research

Instrument Micro-electronics

unit to look for new product

and Motorola, which is just

lines probably in the medical

field where the group already

manufactures strip chart

One firm which might not

have such an enthusiastic view

of the labour supply problem is

Ferranti which is itself well

on its way.

Livingston is highly delighted

particularly since the R and D

Ferranti which is itself well

on its way.

Livingston is highly delighted

particularly since the R and D

Ferranti which is itself well

on its way.

Livingston is highly delighted

particularly since the R and D

Ferranti which is itself well

on its way.

Livingston is highly delighted

particularly since the R and D

Ferranti which is itself well

on its way.

Livingston is highly delighted

particularly since the R and D

Ferranti which is itself well

on its way.

Livingston is highly delighted

particularly since the R and D

Ferranti which is itself well

on its way.

Livingston is highly delighted

particularly since the R and D

Ferranti which is itself well

on its way.

Livingston is highly delighted

particularly since the R and D

Ferranti which is itself well

on its way.

Livingston is highly delighted

particularly since the R and D

Ferranti which is itself well

on its way.

Livingston is highly delighted

particularly since the R and D

Ferranti which is itself well

on its way.

Livingston is highly delighted

particularly since the R and D

Ferranti which is itself well

on its way.

Livingston is highly delighted

particularly since the R and D

Ferranti which is itself well

on its way.

Livingston is highly delighted

particularly since the R and D

Ferranti which is itself well

on its way.

Livingston is highly delighted

particularly since the R and D

Ferranti which is itself well

on its way.

Livingston is highly delighted

particularly since the R and D

Ferranti which is itself well

on its way.

Livingston is highly delighted

particularly since the R and D

Ferranti which is itself well

on its way.

Livingston is highly delighted

particularly since the R and D

Ferranti which is itself well

on its way.

Livingston is highly delighted

particularly since the R and D

Ferranti which is itself well

on its way.

Livingston is highly delighted

particularly since the R and D

Ferranti which is itself well

on its way.

Livingston is highly delighted

particularly since the R and D

Ferranti which is itself well

on its way.

Livingston is highly delighted

particularly since the R and D

Ferranti which is itself well

on its way.

Livingston is highly delighted

particularly since the R and D

Ferranti which is itself well

on its way.

Livingston is highly delighted

particularly since the R and D

Ferranti which is itself well

on its way.

Livingston is highly delighted

particularly since the R and D

Ferranti which is itself well

on its way.

Livingston is highly delighted

particularly since the R and D

Ferranti which is itself well

on its way.

Livingston is highly delighted

particularly since the R and D

Ferranti which is itself well

on its way.

Livingston is highly delighted

particularly since the R and D

Ferranti which is itself well

on its way.

Livingston is highly delighted

particularly since the R and D

Ferranti which is itself well

on its way.

Livingston is highly delighted

particularly since the R and D

Ferranti which is itself well

on its way.

Livingston is highly delighted

**PRESTIGE
OFFICES TO LET
IN
SCOTLAND**

ABERDEEN

Blenheim House Fountainhall Rd
13,280 sq.ft.

DUNDEE

Wellgate 22,750 sq.ft.

FALKIRK

Grahame House 10,750 sq.ft.

EDINBURGH

St. Andrew Square 23,200 sq.ft.
and
12,000 sq.ft.

George Street 6,000 sq.ft.
Charlotte Square 5,250 sq.ft.

For further details apply

Hillier Parker
May & Rowden

5 South Charlotte Street, Edinburgh EH2 4AN
Telephone: 031-225 5888
and London (West End & City), Paris, Amsterdam, Australia.

SCOTLAND VI

Shipyards need work

SHIPBUILDING IS still a very major industry in Scotland, particularly on Clydeside. Even in the event of a close-down of merchant building yards, there would still be a significant industry with naval and offshore oil activities.

The yards themselves employ around 23,000 almost all of them under the British Shipbuilders' umbrella, but outside the yards there could be as many as twice that number in supporting industry.

Scottish yards, in total, now have a reasonable order book except for the Marathon oil rig yard, but unless an order breakthrough can be made before the end of the year redundancies are inevitable in the spring.

For the industry in Scotland, the controversial £130m Polish order was a "life-saver". All but two of British Shipbuilders' yards shared in the order with the bulk of the contract going to Govan Shipbuilders and its subsidiary, Scotstoun Marine, where it is now the only shipbuilding work on the books.

Gaps

The fact remains that once that order is completed early next year, big gaps are going to appear in work schedules and Scottish yards could be almost as vulnerable as their English counterparts.

Virtually the only factor which has kept back a feeling of gloom has been the winning of a £60m order for an emergency support vessel for British Petroleum by Scott-Lithgow and under that contract some of the fabrication work will be done upriver at Govan.

That contract ensures the future of 3,000 jobs at Scott-Lithgow for a year and gives continuity after the last of a series of 265,000-ton tankers has been built at the yard in Port Glasgow.

The Scott-Lithgow yards on the Lower Clyde are by far the biggest group in Scotland, with six yards, one of the largest dry-docks in the country, an engine works, where orders are running fast. Much of the work production has been for merchant ships and obviously this is one of the most vulnerable areas in the group. The small yard at Bowling is also rapidly running out of work.

With prospects of an order for a seabed operations vessel for the Royal Navy and refitting work on conventional submarine plus the order for the emergency support vessel for British Petroleum by Scott-Lithgow and under that contract some of the fabrication work will be done upriver at Govan.

That contract ensures the future of 3,000 jobs at Scott-Lithgow for a year and gives continuity after the last of a series of 265,000-ton tankers has been built at the yard in Port Glasgow.

The Scott-Lithgow yards on the Lower Clyde are by far the biggest group in Scotland, with six yards, one of the largest dry-docks in the country, an engine works, where orders are running fast. Much of the work production has been for merchant ships and obviously this is one of the most vulnerable areas in the group. The small yard at Bowling is also rapidly running out of work.

Yarrows are also building a new yard to construct glass fibre masts for the Royal Navy and when this is complete next year could employ an additional 500.

Despite this almost rosy picture, there are worries at the yard. Their staple "duty" is frigates for the Royal Navy, but

with the cost rising to something like £50m each, there are Clydebank—the former John Browns—is now working through its last order and redundancy notices have already been issued for the vast majority of the 600 strong workforce. Bids are in for a number of contracts, but their best prospect for an oil rig wanted for Indian waters, was lost last month.

In the next few months even this proportion is likely to rise, unless there are new orders.

Because of the recession, Scott-Lithgow have decided to close down their ship repair operations, but will keep one of the 1,000 ft. long dry-dock, one of the largest in the UK, operational because the dry-dock facilities are essential for new building operations.

The closure will mean the loss of 268 jobs, although some of the employees will be offered jobs in the rest of the group.

The dry-dock business has never been profitable, partly because there was only one dock and its use is restricted because of the needs of the yards.

The next most immediate problem area on the Lower Clyde is at the Scotts engine works, where orders are running fast. Much of the work production has been for merchant ships and obviously this is one of the most vulnerable areas in the group. The small yard at Bowling is also rapidly running out of work.

With prospects of an order for a seabed operations vessel for the Royal Navy and refitting work on conventional submarine plus the order for the emergency support vessel for British Petroleum by Scott-Lithgow and under that contract some of the fabrication work will be done upriver at Govan.

That contract ensures the future of 3,000 jobs at Scott-Lithgow for a year and gives continuity after the last of a series of 265,000-ton tankers has been built at the yard in Port Glasgow.

The Scott-Lithgow yards on the Lower Clyde are by far the biggest group in Scotland, with six yards, one of the largest dry-docks in the country, an engine works, where orders are running fast. Much of the work production has been for merchant ships and obviously this is one of the most vulnerable areas in the group. The small yard at Bowling is also rapidly running out of work.

Yarrows are also building a new yard to construct glass fibre masts for the Royal Navy and when this is complete next year could employ an additional 500.

Despite this almost rosy picture, there are worries at the yard. Their staple "duty" is frigates for the Royal Navy, but

with the cost rising to something like £50m each, there are Clydebank—the former John Browns—is now working through its last order and redundancy notices have already been issued for the vast majority of the 600 strong workforce. Bids are in for a number of contracts, but their best prospect for an oil rig wanted for Indian waters, was lost last month.

In the next few months even this proportion is likely to rise, unless there are new orders.

Because of the recession, Scott-Lithgow have decided to close down their ship repair operations, but will keep one of the 1,000 ft. long dry-dock, one of the largest in the UK, operational because the dry-dock facilities are essential for new building operations.

The closure will mean the loss of 268 jobs, although some of the employees will be offered jobs in the rest of the group.

The dry-dock business has never been profitable, partly because there was only one dock and its use is restricted because of the needs of the yards.

The next most immediate problem area on the Lower Clyde is at the Scotts engine works, where orders are running fast. Much of the work production has been for merchant ships and obviously this is one of the most vulnerable areas in the group. The small yard at Bowling is also rapidly running out of work.

With prospects of an order for a seabed operations vessel for the Royal Navy and refitting work on conventional submarine plus the order for the emergency support vessel for British Petroleum by Scott-Lithgow and under that contract some of the fabrication work will be done upriver at Govan.

That contract ensures the future of 3,000 jobs at Scott-Lithgow for a year and gives continuity after the last of a series of 265,000-ton tankers has been built at the yard in Port Glasgow.

The Scott-Lithgow yards on the Lower Clyde are by far the biggest group in Scotland, with six yards, one of the largest dry-docks in the country, an engine works, where orders are running fast. Much of the work production has been for merchant ships and obviously this is one of the most vulnerable areas in the group. The small yard at Bowling is also rapidly running out of work.

Yarrows are also building a new yard to construct glass fibre masts for the Royal Navy and when this is complete next year could employ an additional 500.

Despite this almost rosy picture, there are worries at the yard. Their staple "duty" is frigates for the Royal Navy, but

with the cost rising to something like £50m each, there are Clydebank—the former John Browns—is now working through its last order and redundancy notices have already been issued for the vast majority of the 600 strong workforce. Bids are in for a number of contracts, but their best prospect for an oil rig wanted for Indian waters, was lost last month.

In the next few months even this proportion is likely to rise, unless there are new orders.

Because of the recession, Scott-Lithgow have decided to close down their ship repair operations, but will keep one of the 1,000 ft. long dry-dock, one of the largest in the UK, operational because the dry-dock facilities are essential for new building operations.

The closure will mean the loss of 268 jobs, although some of the employees will be offered jobs in the rest of the group.

The dry-dock business has never been profitable, partly because there was only one dock and its use is restricted because of the needs of the yards.

The next most immediate problem area on the Lower Clyde is at the Scotts engine works, where orders are running fast. Much of the work production has been for merchant ships and obviously this is one of the most vulnerable areas in the group. The small yard at Bowling is also rapidly running out of work.

With prospects of an order for a seabed operations vessel for the Royal Navy and refitting work on conventional submarine plus the order for the emergency support vessel for British Petroleum by Scott-Lithgow and under that contract some of the fabrication work will be done upriver at Govan.

That contract ensures the future of 3,000 jobs at Scott-Lithgow for a year and gives continuity after the last of a series of 265,000-ton tankers has been built at the yard in Port Glasgow.

The Scott-Lithgow yards on the Lower Clyde are by far the biggest group in Scotland, with six yards, one of the largest dry-docks in the country, an engine works, where orders are running fast. Much of the work production has been for merchant ships and obviously this is one of the most vulnerable areas in the group. The small yard at Bowling is also rapidly running out of work.

Yarrows are also building a new yard to construct glass fibre masts for the Royal Navy and when this is complete next year could employ an additional 500.

Despite this almost rosy picture, there are worries at the yard. Their staple "duty" is frigates for the Royal Navy, but

with the cost rising to something like £50m each, there are Clydebank—the former John Browns—is now working through its last order and redundancy notices have already been issued for the vast majority of the 600 strong workforce. Bids are in for a number of contracts, but their best prospect for an oil rig wanted for Indian waters, was lost last month.

In the next few months even this proportion is likely to rise, unless there are new orders.

Because of the recession, Scott-Lithgow have decided to close down their ship repair operations, but will keep one of the 1,000 ft. long dry-dock, one of the largest in the UK, operational because the dry-dock facilities are essential for new building operations.

The closure will mean the loss of 268 jobs, although some of the employees will be offered jobs in the rest of the group.

The dry-dock business has never been profitable, partly because there was only one dock and its use is restricted because of the needs of the yards.

The next most immediate problem area on the Lower Clyde is at the Scotts engine works, where orders are running fast. Much of the work production has been for merchant ships and obviously this is one of the most vulnerable areas in the group. The small yard at Bowling is also rapidly running out of work.

With prospects of an order for a seabed operations vessel for the Royal Navy and refitting work on conventional submarine plus the order for the emergency support vessel for British Petroleum by Scott-Lithgow and under that contract some of the fabrication work will be done upriver at Govan.

That contract ensures the future of 3,000 jobs at Scott-Lithgow for a year and gives continuity after the last of a series of 265,000-ton tankers has been built at the yard in Port Glasgow.

The Scott-Lithgow yards on the Lower Clyde are by far the biggest group in Scotland, with six yards, one of the largest dry-docks in the country, an engine works, where orders are running fast. Much of the work production has been for merchant ships and obviously this is one of the most vulnerable areas in the group. The small yard at Bowling is also rapidly running out of work.

Yarrows are also building a new yard to construct glass fibre masts for the Royal Navy and when this is complete next year could employ an additional 500.

Despite this almost rosy picture, there are worries at the yard. Their staple "duty" is frigates for the Royal Navy, but

with the cost rising to something like £50m each, there are Clydebank—the former John Browns—is now working through its last order and redundancy notices have already been issued for the vast majority of the 600 strong workforce. Bids are in for a number of contracts, but their best prospect for an oil rig wanted for Indian waters, was lost last month.

In the next few months even this proportion is likely to rise, unless there are new orders.

Because of the recession, Scott-Lithgow have decided to close down their ship repair operations, but will keep one of the 1,000 ft. long dry-dock, one of the largest in the UK, operational because the dry-dock facilities are essential for new building operations.

The closure will mean the loss of 268 jobs, although some of the employees will be offered jobs in the rest of the group.

The dry-dock business has never been profitable, partly because there was only one dock and its use is restricted because of the needs of the yards.

The next most immediate problem area on the Lower Clyde is at the Scotts engine works, where orders are running fast. Much of the work production has been for merchant ships and obviously this is one of the most vulnerable areas in the group. The small yard at Bowling is also rapidly running out of work.

With prospects of an order for a seabed operations vessel for the Royal Navy and refitting work on conventional submarine plus the order for the emergency support vessel for British Petroleum by Scott-Lithgow and under that contract some of the fabrication work will be done upriver at Govan.

That contract ensures the future of 3,000 jobs at Scott-Lithgow for a year and gives continuity after the last of a series of 265,000-ton tankers has been built at the yard in Port Glasgow.

The Scott-Lithgow yards on the Lower Clyde are by far the biggest group in Scotland, with six yards, one of the largest dry-docks in the country, an engine works, where orders are running fast. Much of the work production has been for merchant ships and obviously this is one of the most vulnerable areas in the group. The small yard at Bowling is also rapidly running out of work.

Yarrows are also building a new yard to construct glass fibre masts for the Royal Navy and when this is complete next year could employ an additional 500.

Despite this almost rosy picture, there are worries at the yard. Their staple "duty" is frigates for the Royal Navy, but

with the cost rising to something like £50m each, there are Clydebank—the former John Browns—is now working through its last order and redundancy notices have already been issued for the vast majority of the 600 strong workforce. Bids are in for a number of contracts, but their best prospect for an oil rig wanted for Indian waters, was lost last month.

In the next few months even this proportion is likely to rise, unless there are new orders.

Because of the recession, Scott-Lithgow have decided to close down their ship repair operations, but will keep one of the 1,000 ft. long dry-dock, one of the largest in the UK, operational because the dry-dock facilities are essential for new building operations.

The closure will mean the loss of 268 jobs, although some of the employees will be offered jobs in the rest of the group.

The dry-dock business has never been profitable, partly because there was only one dock and its use is restricted because of the needs of the yards.

The next most immediate problem area on the Lower Clyde is at the Scotts engine works, where orders are running fast. Much of the work production has been for merchant ships and obviously this is one of the most vulnerable areas in the group. The small yard at Bowling is also rapidly running out of work.

With prospects of an order for a seabed operations vessel for the Royal Navy and refitting work on conventional submarine plus the order for the emergency support vessel for British Petroleum by Scott-Lithgow and under that contract some of the fabrication work will be done upriver at Govan.

That contract ensures the future of 3,000 jobs at Scott-Lithgow for a year and gives continuity after the last of a series of 265,000-ton tankers has been built at the yard in Port Glasgow.

The Scott-Lithgow yards on the Lower Clyde are by far the biggest group in Scotland, with six yards, one of the largest dry-docks in the country, an engine works, where orders are running fast. Much of the work production has been for merchant ships and obviously this is one of the most vulnerable areas in the group. The small yard at Bowling is also rapidly running out of work.

Yarrows are also building a new yard to construct glass fibre masts for the Royal Navy and when this is complete next year could employ an additional 500.

Despite this almost rosy picture, there are worries at the yard. Their staple "duty" is frigates for the Royal Navy, but

with the cost rising to something like £50m each, there are Clydebank—the former John Browns—is now working through its last order and redundancy notices have already been issued for the vast majority of the 600 strong workforce. Bids are in for a number of contracts, but their best prospect for an oil rig wanted for Indian waters, was lost last month.

In the next few months even this proportion is likely to rise, unless there are new orders.

Because of the recession, Scott-Lithgow have decided to close down their ship repair operations, but will keep one of the 1,000 ft. long dry-dock, one of the largest in the UK, operational because the dry-dock facilities are essential for new building operations.

The closure will mean the loss of 268 jobs, although some of the employees will be offered jobs in the rest of the group.

The dry-dock business has never been profitable, partly because there was only one dock and its use is restricted because of the needs of the yards.

The next most immediate problem area on the Lower Clyde is at the Scotts engine works, where orders are running fast. Much of the work production has been for merchant ships and obviously this is one of the most vulnerable areas in the group. The small yard at Bowling is also rapidly running out of work.

With prospects of an order for a seabed operations vessel for the Royal

SCOTLAND VII

Joe in his

The land question

THE PROVISION in the Queen's Speech for a Bill to establish a simplified land register for Scotland indicates the Highlands—which, as a result of the fact that the land in the UK has had the effect of forcing prices up and in Scottish politics. In making it increasingly difficult for young and energetic farmers to obtain or lease land on the amount of available information—since existing owners will not be required to make declarations.

In spite of the efforts of the National Union of Agricultural and Allied Workers (which scarcely exists in Scotland) and a few individuals within the Labour Party, the land issue has not captured the public imagination in England and Wales. This is in spite of the fact that a few hundred acres of prime agricultural land in the Home Counties would probably have greater cash value than a few hundred thousand acres of Highland wilderness.

Several factors conspire, however, to make land an emotive subject in the Scottish context. The folk-memory of the Highland Clearances is still strong. The continued presence of caricature lairds presiding over their vast private kingdoms, with little regard for the social good, sustains the sense of injustice. Coupled with this is the widespread belief that there is a level of irresponsibility in terms of land use which has few equals in the western world.

Further ingredients have recently been added to this recipe for resentment and discontent. They have come from:

mainly in the form of foreign institutions buying land—by no means all of it—in the Highlands—which, as a result of the fact that the land in the UK has had the effect of forcing prices up and in Scottish politics. In making it increasingly difficult for young and energetic farmers to obtain or lease land on the amount of available information—since existing owners will not be required to make declarations.

Indeed, the land question—given its high priority in Scottish political life and its low rating in the legislative priorities of Westminster governments—could provide an early point of conflict in the relationship between the two bodies, if the Assembly plan is actually approved in the March referendum.

Reform

More immediately, there is the prospect of modest reform through the initiative of the Highlands and Islands Development Board. In the 13 years of the board's existence, there has been little to sustain the fears of Conservative MPs who alleged that it was "Marxist" in concept, when the Bill which established it was going through the House of Commons. On the other hand, those who welcomed it have been dismayed by its failure to challenge the power of Highland landowners.

Now, however, under the chairmanship of Sir Kenneth Alexander, the board has sought additional powers from the Government, whose response is currently awaited, after interested parties have been consulted. The board stresses that it is not interested in land nationalisation, in doctrinal terms, but only in land use. They are, therefore, seeking powers to tell landowners that unless they show willingness to put their land to productive use, it will be taken from them—by compulsory purchase if necessary.

The spirit of the proposals has been welcomed by bodies such

as the National Farmers Union and the major political parties, though opinion is divided over the compulsory purchase aspect. Critics on the left think that there are too many "warning stages" before compulsory purchase becomes a possibility; on the right there is blanket opposition in the very inclusion of the words "compulsory purchase".

The statistics on land use in Scotland are striking. Grouse moors cover about 3m acres of Scotland with an average annual yield of just one brace per 10 acres. Due to decline in standards of management, grouse moors are less productive today than they were at the beginning of the century. Red deer graze over 5.6m acres, which yield an average of less than one pound of meat per acre each year.

While it is not disputed that much of the moor and hill land could not be adapted to any other agricultural purpose, it is the view of the landowners' critics—including the Highlands and Islands Development Board—that much more land could be brought into productive use.

The Zuckerman Report to the House of Commons, back in 1957, suggested that there were 100,000 acres of reclaimable land in the Highlands alone, while the Highlands Advisory Panel in 1964 that "this greatly underestimated the possibilities in view of the considerable developments in techniques in recent years."

Since then the trend on the big estates has been for more and more land to go out of productive use. A recent study by the head of the land division at the HIDS, Mr. John Bryden, suggested that "it seems possible that up to 100,000 acres of rough and hill grazings could be improved in Argyll alone." It is against this background that the HIDS can credibly stress that it is concerned with land use rather than the theory of ownership.

The only previous legislation on Scottish land during the life of the present Government was the Crofting Reform Act of 1973 in which provision was made for crofters to be able to buy their few acres of inbye land. It is a right which very few of them have exercised—not surprisingly, in view of the very favourable status enjoyed by crofters who pay only a few pounds per year in rent.

Most of the 2m acres of the Highlands and Islands which are under crofting tenure—the product of legislation in the 1880s passed in response to land agitation—are made up of rough, common grazing. This land is not subject to the proposals put forward by the HIDS, and no satisfactory plan of action has yet emerged for the regeneration of crofting which, by and large, means part-time farming on marginal land in areas of high transport costs.

There is continuing pressure within the Labour Party for crofting land to be taken into public ownership. This could be achieved relatively cheaply, since the fact that crofting landlords enjoy strictly limited rights over the land is reflected in the low market value of crofting estates.

For all the changes that are taking place, landowners remain tremendously powerful people in social terms. History has left Scotland with a grotesque maldistribution of land which, if she was an independent country, would disqualify her from economic support from the World Bank. Until there are some steps taken towards righting this imbalance, the landowners can expect little public support in their protests over taxation, foreigners, institutions or anything else. The image that they have built for themselves over a couple of centuries will take a few more years at least to break down.

Brian Wilson

ANDERSTON QUAY - GLASGOW 11,200 sq. ft.**TO LET**

New prestige showroom/office and warehouse development; near city centre/MB motorway; ample parking; immediate entry

SHAWFIELD ESTATE - RUTHERGLEN, GLASGOW**TO LET**

last 2 remaining units of 7,742 sq. ft.; ample parking; immediate entry

A8 TRADING ESTATE - GLASGOW**TO LET**

Phase 1 of the development fully pre-let, phase 2 units available from 3/5,10,000 sq. ft. summer of 1979

BELLEKNOWES - INVERKEITHING, FIFE**TO LET**

New industrial/warehouse units from 3,500 sq. ft. to 21,000 sq. ft.

**R Kenneth Ryden and Partners
CHARTERED SURVEYORS**

HEAD OFFICE 71 Hanover Street
Edinburgh EH2 1EF
121 West George Street
Glasgow G2 1QS

**031-225 6612
041-221 8591**

PROPERTY PROBLEMS?

Then expert help is needed...

FULLER PEISER offer a complete property service to industry and commerce throughout the United Kingdom and Western Europe.

FULLER PEISER

Chartered Surveyors
20 George Street
Edinburgh EH2 3BU
Tel: 031-225 9816
Telex: 72547

Sellers and Buyers of Industrial and Commercial Property Rating Services, Land Sales, Lettings, Valuations, Project Managers, Investment Finance and Development Companies. For Less Distant Properties, Agents for Less Distant Properties.

Midland Bank... the Scottish link for your business team.

If your company is currently operating in Scotland, or has plans to extend operations there, you should know that Midland Bank has a branch in the heart of Edinburgh's financial district.

Regional Manager Ian Macleod heads a business team there which includes an International Finance Executive, Derek Livesey, with special knowledge of the needs of multi-national companies.

His business team can introduce you to other companies in Midland Bank Group, whose services include: facilities for term loans, leasing, merchant banking, international insurance broking and advisory services, international and export finance, project finance, equity capital for growth companies, hire-purchase, travel, factoring, investment management and trust services.

For large companies, and those involved in substantial projects, Ian Macleod's direct links with Midland's Corporate Finance Division can make available a select team to work directly with the company, making the best possible use of the wide range of Group services. Mr Macleod also has links with the Midland Bank Group Oil Adviser and his team.

One call to K.I. Macleod can make all this available to you.

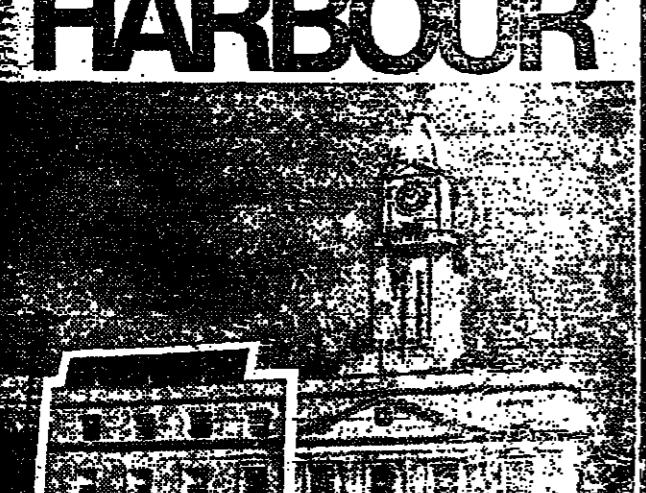
Midland Bank Limited
116 George Street, Edinburgh EH2 4LH
Telephone: 031-225 9711. Telex: 72227

It's time your business team met the Midland's



Midland Bank

ABERDEEN HARBOUR



OFFICES TO BE LET

Superior prestige office accommodation on four floors overlooking Aberdeen Harbour. New lift. Close to city centre. Covered multi-storey car park at rear, as well as own small individual parking area. Building recently completely refurbished inside and out.

| |
|---|
| (Storage space only) 1147 sq. ft. (106.55 sq. m.) |
| Ground Floor (Offices and toilets) 2105 sq. ft. (196.55 sq. m.) |
| First Floor (Offices and toilets) 2270 sq. ft. (210.85 sq. m.) |
| Second Floor (Offices and toilets) 2270 sq. ft. (210.85 sq. m.) |
| Third Floor (Offices and toilets) 2270 sq. ft. (210.85 sq. m.) |
| Total Area 11,718 sq. ft. (1089.63 sq. m.) |

For appointment to view and further details apply to:-

The Secretary
Aberdeen Harbour Board
16 Regent Quay
ABERDEEN AB9 1SS
Aberdeen (0224) 52571
Telex: 73324

READ ALL THE SMALL PRINT

We have
Glasgow Airport. The M8 Motorway,
good rail links
a variety of sites and premises
excellent scenery
recreational facilities
sites for sore eyes?
If you want some magnification
call us

Renfrew District
DIRECTOR OF PHYSICAL PLANNING
MUNICIPAL BUILDINGS
PAISLEY PA1 1BU
041 889 5400

Leslie Able

Problems in engineering



Ferranti will open another factory and will create further jobs as part of its current expansion programme in Scotland, keeping pace with the 25% increase in output achieved last year by the Company's Scottish Group.

In the military field the Group will continue to supply radar, inertial navigation, display and laser equipment for British, European and American military aircraft. The Group's technology will also be applied in industrial fields with products as diverse as microwave links, inspection equipment, electronic components and fuel dispensing systems. Computer graphics applications will expand and the North Sea oil fields will increasingly use Ferranti Scotland technology for exploration and production.

Confidence, commitment, steady growth. That's Ferranti Scotland today.

FERRANTI
Selling technology

Ferranti Limited, Ferry Road, Edinburgh EH5 2NS

SC0102/MS

AT FIRST SIGHT Scotland's Singer, which proposed the loss of 2,800 jobs at its Clydebank plant over the next few years, is staging a slight recovery from the slump at the end of last year. Industrial production figures for the first quarter of this year compared to the last quarter of 1977 were up by four per cent—double the UK increase.

But the impression given by official statistics hardly corresponds to that given by the constant news of closures and lay-offs which has been trickling out throughout the year. In fact if we discount the fourth quarter of last year, when the production index fell to 97 (1970=100), we see that the new figure of 101 was the lowest since the summer of 1973.

As is often the case, the official figures give a misleading impression of the state of health of engineering in Scotland. Not only are they considerably in arrears, but they group together very different activities with widely diverse experiences.

On closer examination, much of the apparent revival is due to the continued growth of electronics and the slight recovery of shipbuilding from its very low level last autumn (although shipbuilding is lumped together with vehicle building, so it is impossible to get a clear picture of what is happening in either industry).

The picture throughout this year has been gloomy, with very few bright spots to relieve the gloom. Perhaps the only encouraging thing one can say about engineering in general is that the Scottish economy is relying less and less on it. Recent studies have indicated that it has been displaced from its once central position and that the economy is far more diverse than had been imagined.

A number of important Scottish companies have announced substantial reductions in their labour forces or the prospects of reduction. They include Hoover, which announced plans to close its smallest plant at Hamilton and warned that the continuing low level of demand for domestic electrical goods could mean that redundancies are necessary among the total 3,500 workforce. Sunbeam, another electrical goods manufacturer, said that it might have to close its plant at East Kilbride unless productivity was increased. More recently, Massey-Ferguson said that it had plans to shed 1,000 of its 1,500 jobs at its Kilmarnock combine harvester factory as part of its programme to reduce costs across the world, and doubtless be more in the doldrums.

The final go-ahead for the plan depends on an agreement with the Government and the paint shop workers, seems to have been an opportunity for the timing of new power station orders through the 1980s and 1990s. There have been differences between the power station half of the year, has been higher on some occasions reaching over the Drax contract and will little short of the plant's losses across the world, and doubtless be more in the doldrums.

Steel investment

AN ENCOURAGINGLY high level of investment has been maintained this year in the Scottish steel and metals manufacturing industry, despite the continued severe depression in demand for most products.

The British Steel Corporation, by far the largest producer in this sector in Scotland with 20 works employing 21,000 people, continued major expansions of liquid steel production, tubes manufacture and foundry facilities.

Private founders completed a string of developments financed over the past three years by the Government's successful ferrous foundry scheme, which has made payments of over £6m in Scotland.

And British Aluminium, who operate the three smelters at Invergordon, Lochaber and Kinlochleven, are considering a major expansion of aluminium production in Scotland and expect to announce their conclusions next year.

BSC have this year still been in the frustrating position of having to finance heavy expenditure on new low-cost equipment without having the plant on stream to reduce costs.

Consequently, when the corporation announces its half-yearly results next month the Scottish division, which lost £83.2m last year after interest, is still expected to be heavily in the red.

But significant progress was made this year towards getting the vital new plant on stream.

The £230m programme to double liquid steel output from the main Scottish works at Ravenscraig to 3.2m tons is now more than two-thirds complete.

While capacity just now is still much the same as before, at around 1.5m tons, this is expected to rapidly increase next year and again in 1980. The installation of some of the most sophisticated equipment in the UK—130-ton basic oxygen steelmaking vessels producing continuous casting machines—means that costs should show a sizeable reduction.

By the end of the year, too, the Scottish division will have completed the phasing out of the older costly open-hearth furnaces, the last one still in operation, at Glengarnock, due to close in mid-1979.

Linked with this strategy to concentrate bulk steel production at Ravenscraig is BSC's £100m deepwater iron ore ter-

port, which was stopped for seven weeks in a machinery strike. It is also experiencing an increase in productivity and a dramatic fall in the level of absenteeism. Both are the result of new productivity and grading arrangements which were negotiated before the strike, but were not given sufficient time—*and the development to prove themselves*.

R.P.

ABERDEEN is a site better than you think



Aberdeen, the centre of Scotland's most prosperous and growing Region, the off-shore oil city, "Britain in Bloom" city, University and cathedral city, is not only an attractive place in which to live but offers excellent prospects for new and expanding industries, including

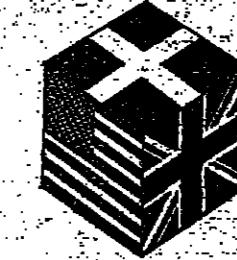
PRIME LAND TO LEASE AT ALTENS INDUSTRIAL ESTATE

which is situated just two miles south of the centre of Aberdeen and is within easy access of air, road, rail and harbour facilities. Sites are leased by the way of Registerable Lease for periods of 99 years with the possibility of extensions. Main Site Servicing is fully completed.

For full information regarding leasing terms etc write to JAMES L. R. SMITH, Director of Law and Administration, Town House, Aberdeen, AB9 7AQ.

City of Aberdeen the City for all seasons

PRESTWICK CIRCUITS



The Complete Package

UNITED SOLDER WRAP LITHUS INSTRUMENTS GB TECHNIQUES

The Prestwick Circuits Group,
dedicated to keeping Scotland
in the forefront of the electronics industry

Prestwick Circuits Ltd.
Mossmill Industrial Estate, Ayr, Ayrshire KA6 8EE
Telephone 0292 81831 Telex 77583

SUPPLIERS OF SCOTTISH MADE
QUALITY FROZEN SWEETS TO THE
UNITED KINGDOM CATERING TRADE

AULDS (FOOD) LIMITED

BOTHWELL INDUSTRIAL ESTATE
HAMILTON Tel: STD 0698 283959

A RANGE OF
Gateaux, Cheese Cakes, Fruit Pies,
Puff Pastries

Distributed under the Labels of Leading
Suppliers to the Catering Trade

A subsidiary of Thomas Auld & Sons Ltd., GREENOCK

CONSULT THE FREE

Rippin

TECHNICAL ADVISORY SERVICE

- DESIGN
- FABRICATION
- SHOTBLASTING
- ERECTION OF STRUCTURAL STEEL FRAMED BUILDINGS

Rippin
STRUCTURES LTD
Station Road, Auchtermuchty
Fife KY14 7DZ
Telephone: Auchtermuchty (03372) 666

John and I.P.

We're used to it.

The English have walked on us ever since we started making floor coverings over 130 years ago.

This treatment has helped make our name, Nairn, the U.K. brand leader in cushioned vinyl. (Six out of the top ten selling cushioned vinyl designs are ours).

The future looks equally rosy.

We've just brought out Nairn Contrast, the first split-level cushioned vinyl floor covering. It's proving very popular.

And come next April we're opening up a new £14 million plant to help our supply curve match our demand curve.

There's every sign we're going to be trodden on even more from now on.



Nairn Floors Limited, P.O. Box No. 1, Kirkcaldy KY1 2SB.

Innovators and the law's delays

BY A. H. HERMANN, Legal Correspondent

LAWYERS on both sides of the Atlantic are trying to devise measures which would reduce the "adverse effect" which product-safety legislation has on innovation.

Long and costly tests necessary in order to obtain an official certificate of safety for an ever-increasing range of products reinforce tendencies unfavourable to innovation which have been apparent for some time in modern industrial societies.

To a certain extent this is the inevitable price for eliminating as far as possible the dangers associated with technological progress and mass production methods. It is another question whether it is really necessary and desirable for these measures to bring imitators as great an advantage over innovators as they do at present.

Moreover, the burden placed upon innovators reinforces other tendencies militating against them that have become apparent in modern industrial societies.

Protection

The history of the past 100 years has been largely one of incessant innovation, first in the mechanical and electrical industries and later in the chemical and electronic industries. During the greater part of this period innovators were protected and encouraged by laws designed to ensure that the time and expense needed to develop a new product could be recouped with profit provided the market approved of the product. The legal machinery serving this end consisted of first decision taken in the patent, copyright, and industrial design laws protecting inventors Roche and Centrofarm makes it easier for creative artists of trade possible for an importer to re-mark laws protecting those who pack a trade-marked product took the trouble to market goods and to sell it under a label of a quality worth remembering: bearing the original trade mark.

and of laws protecting industrial and business secrets, enabling a dispute between Centrofarm Products, Inc., and American Home Products, to bring a new product to the market well ahead of imitators.

Recent legal developments have put a brake on the pace of innovation. They include the gradual erosion of the patent system by the ease with which chemical or electronic innovations can be modified to enable those with money for litigation to fight off the genuine, but financially weak inventor. The restrictions of patent licensing are already put into effect by the EEC Commission, or proposed by the Commission and by the developing countries, further diminish the rewards of innovators.

The limitations to which EEC law subjects the use of trade marks is well known. One can sympathise with efforts to stop the abuse of trade marks for brainwashing consumers by means of concentrated advertising. It is also justifiable—one can accept the desirability of a common market in Europe—to oppose the use of trade marks for the cordoning off of national markets intended to protect higher price levels in one member country.

It is, however, not widely known that the two latest trade mark decisions of the European Court allow, under certain conditions, the repacking of trade-marked products by dealers not authorised to do so by the manufacturer, provide a legal mantle under which disreputable operators could sell the imitation products under the trade-mark owner's label. The serving this end consisted of first decision taken in the patent, copyright, and industrial design laws protecting inventors Roche and Centrofarm makes it easier for creative artists of trade possible for an importer to re-mark laws protecting those who pack a trade-marked product took the trouble to market goods and to sell it under a label of a quality worth remembering: bearing the original trade mark.

In the second case, concerning a dispute between Centrofarm Products, Inc., and American Home Products, the increasing volume of product safety legislation provides imitators with an important advantage which further for the importer to repack the reinforcers in the detriment of the different trade mark used by the men of innovation. The safety of the manufacturer in the drugs legislation has been for a long time a feature of all product liability legislation in civilised legal systems. But the enacted as proposed by the time and outlay required for the European Commission, would the completion of biological and make innovation very risky by clinical tests to satisfy health authorities is constantly increas-

ed.

But the increasing volume of product safety legislation provides imitators with an important advantage which further for the importer to repack the reinforcers in the detriment of the different trade mark used by the men of innovation. The safety of the manufacturer in the drugs legislation has been for a long time a feature of all product liability legislation in civilised legal systems. But the enacted as proposed by the time and outlay required for the European Commission, would the completion of biological and make innovation very risky by clinical tests to satisfy health authorities is constantly increas-

ed.

ected to a series of controlled tests yielding verified results capable of satisfying the approving authority.

Approval can take two forms.

Either,

which is backed by adequate advertising and promotion and has only the dubious advantage of having appeared a few months earlier.

If the imitator has to obtain approval for his own product, as mostly the case with pharmaceuticals, insecticides, electrical devices and other complex products, the approving authority will approach his application with the knowledge that a product of this type can be harmless. Depending on the possibilities of variations introduced by design or in the course of the production process, it will require only supplementary tests or none at all. The benefit of the knowledge which cost the innovator much time, effort and money will be obtained by the imitator free of charge. There is, however, no chance that imitator could be made to pay compensation on the grounds of "unjust enrichment." He did not receive anything, in the legal meaning of that word; he was merely saved further expense and loss of time.

Compensate

The recognition that knowledge acquired during the development and testing of a new product is intellectual property deserving protection also underlies the U.S. Drug Regulation Reform Bill (1978). This would provide that the testing data should be made accessible to all legitimately interested parties—for example consumer organisations—but would compensate the innovator by prohibiting commercial exploitation of such information for a period of five years.

A similar solution is considered to be desirable by the majority of EEC member states in conjunction with the proposed amendment of the 1976 EEC directive on the grading, packing and marking of dangerous substances. Under this proposal, a later applicant could use the data submitted by an earlier applicant only with the approval of the latter.

It remains to be seen whether these ideas will be given wider acceptance. The need for some balancing of the disadvantages should be seen as one of the important problems of European industrial policy.

The discussion now centred on product liability and the future of patents and trademarks ought to be widened to embrace also the consequences of preventive control of product safety. Though it certainly would not be an easy task, it does not seem altogether impossible to ensure that measures designed to ensure product safety or to protect competition do not militate against innovation.

The increasing volume of product safety legislation provides imitators with an important advantage... to the detriment of innovation

for defects of products which inc. Expensive and time-consuming tests are also required before obtaining authorisation. Or, the approval could not be foreseen or detected at the time the product was placed on the market. In October the European Parliament returned the proposed directive to its Legal Affairs Committee, which had earlier rejected it by a vote of 13 to 12. One of the many objections against the draft is that it would introduce no-fault liability for newly developed products and thus increase the risks connected with innovation. In this connection, one can ask whether the public interest in innovation should not be reflected in a public responsibility for damages exceeding a certain percentage of the innovator's turnover.

The increasing restrictions on the use of patent and trade mark rights and the erosion of copyright by new reproduction devices diminish the advantages so far enjoyed by innovators, and a stricter product liability and approved within an enterprise, it will have to be sub-

Letters to the Editor

Inflation and incomes

From Professor D. Johnson

Sir,—It is with some trepidation that I reply in a critical manner to my friend and colleague, Professor Basil Moore.

One need not however substitute good manners for a friendly clash of ideas.

Professor Moore proposes the integration of an incomes policy simultaneously with appropriate monetary-fiscal policy to eliminate inflation. He believes in what I call the "native" cost (wage)-push theory of inflation: naive because it substitutes a description of the process of inflation for causal explanation. He argues that it is necessary to find some way of operating on the rate of wage increase directly. According to Prof. Moore, the Government should place "...a simple tax on excessive wage increases." And this tax-based incomes policy (TPI) must be integrated with some monetary aggregate of monetary policy.

I suppose that most, if not all, businessmen in this country (United States too) believe that inflation is produced in just the way described above. But this is a misconception of the inflationary process resulting from the fallacy of composition. What is true for each individual is many times the opposite of what is true for everybody taken together.

To any given businessman the pressure on him to raise prices comes in the form of an increase in wages and costs. He believes that he must raise prices because of this. And he is correct. If the individual businessman deals with union, he will attribute this pressure to the union. If there is no union, he will attribute it to some other factor driving up wages. And because it is true for the individual businessman that cost increases have forced up his prices, many therefore conclude that the overall level of prices will be increased in a continuous manner by the same wage pressure. But this is fallacious.

If the monetary authorities refuse to accommodate high wage demands, aggregate wage magnitudes do not actually increase. A prior increase in the money supply is required. Thus money, not wages, determine the price level.

Now, where does this leave any sort of incomes policy? An incomes policy must somehow help people from spending their money reducing velocity. Unless you get people to hold more cash nothing will happen through an incomes policy of any sort. Saving money in financial institutions doesn't count because that money is loaned and spent—people have to be persuaded to "stuff" money in mattresses.

The above does not mean that I and other monetarists are oblivious to the possible short-run effects of anti-inflationary policy. I feel that the question of the unemployment cost of eliminating inflation is like asking someone whether you last beat your wife?

The relevant question is given by the why economic agents readily anticipate future inflation: what will be the unemployment cost of Zwentendorf is situated within economic or an energy disaster, the result of the referendum may prove (many of us, including 1100, Vienna:

kept a strict control of the money supply and discontinued reversionary bonus rates have compared to their overseas counterparts. It would then be possible for individuals or groups of workers, who thought they had a case, to negotiate for a wage in excess of the statutory minimum without interference from any outside body. Principals affecting the negotiations would be the relative degree and scarcity of the skills of the workers, and also the prosperity of the individual firms or industries involved. For example, skilled joiners in a depressed building industry might get less than semi-skilled workers in a prosperous computer factory, but the position would be changing constantly.

Some might argue that a minimum wage would price poorly paid workers out of a job, but surely this is specious. It cannot make sense to pay inadequate wages and then supplement them with a bewildering variety of benefits. If there are sound reasons for assisting certain industries, then import duties or direct subsidies would be better and cheaper than direct wage subsidies.

The policy outlined above would I believe reduce bureaucracy, cut Government expenditure, improve the dignity of the worker and introduce a sense of reality into industrial relations.

It would also enable the Government to clearly establish the actions "guide lines" by the extent to which the minimum wage was adjusted without involving itself in a rigid pay scale, and direct confrontation with those who wished to break

W. S. Roe,
Cremline Dairies,
Weymouth Road,
Eccles, Lancs.

From Mr. R. Miller
Sir,—While in no way disputing Mr. Haberman's mathematical analysis (November 18) it does seem to me that one of his assumptions used in his calculations is patently misleading.

Nuclear power in Austria

From Mr. T. Prager

Sir,—Permit me to comment briefly as I can—on your report on Austria's nuclear referendum (November 7) which has only just reached me.

While it is perfectly true that

there is a large and increasing gap between Austria's energy requirements and her domestic energy supplies, there

is no reason to assume that

nuclear power would have

helped to reduce her dependence

on foreign supplies over the life

cycle of the Zwentendorf and

any further nuclear power plant. The

raw material comes from abroad,

the enriching and re-processing

is done abroad, the vital parts of

the plant are supplied by

Siemens-KWU (EGR) and waste

disposal—while as yet uncertain

—was meant to be taken care of

by Persia or Egypt or anyone

else willing to look after it. In

fact, there have been no more

than hopeful noises about the

latter. Apart from some of the

steel, cement and various gad-

gets the only thing about

Austria's nuclear power that

would have been Austrian would

have been the risk of the whole

plant's life.

This, on the other hand, would

have been quite substantial.

So far from producing an

energy disaster, the result of the referendum may

prove (many of us, including 1100, Vienna:

density, far exceeded in this case); it is situated in one of the two of Austria's earthquake zones; both wind and water flow in the wrong (easterly, Vienna-bound) direction. A lot of noted geologists, meteorologists, etc., claim this was quite the worst site to choose.

Many scientists and technicians have their doubts, too. Suffice it to point out that Zwentendorf's twin sister of the light water (KWW) reactor type in West Germany worked to less than 30 per cent capacity in the first half of its life and that at the time of the referendum it was still one at a complete standstill, and even the only one working had only just been set

going on the eve of the referendum—as was the case, what a fortuitous circumstance!—on the eve of the Bavarian regional elections on October 15, having been out of order for four months prior to that date, and again, just after . . .

I will not here dwell on the phoney cost calculation of allegedly 40 Groschen per kWh for electricity from Zwentendorf, at a time when no one had any idea about the cost of final waste disposal, and very little about

the enrichment costs or the cost of dismantlement at the end of the plant's life.

As for the need to go on importing large and increasing quantities of coal, oil, gas and perhaps even electricity from Eastern Europe (primarily the USSR and Poland) or from the developing countries (in our case Iraq, Iran, Libya, perhaps Algeria), this at least has the advantage of ensuring exports of roughly equivalent quantities of (mostly) investment goods which countries like West Germany, etc., are, for obvious reasons, much less willing to take. The balance of payments will not be burdened on that account and the maintenance of full employment and of continuing modest growth will be that much easier.

Theodor Prager
John M. Weiner
Manor Cottage, Oving, Whitchurch, Bucks.

GENERAL

Irish Prime Minister Mr. Jack Lynch arrives in London for talks with Mr. James Callaghan about European Monetary System.

Mr. Denis Healey, Chancellor of the Exchequer, meets members of the Labour Party's National Executive Committee and International Committees.

Mr. Roy Jenkins, European Commission President, meets members of the Labour Party's National Executive Committee and International Committees.

Mr. Kenneth Cork, Lord Mayor of London, receives Thai Foreign Minister, and Co. J. H. Fenner and Co. (Holdings), Greenacres Properties.

Mr. Donald McHenry, the U.S. ambassador, arrives in Khartoum for four days of talks.

Symposium on Waste in Government Departments, Porchester Hall, London.

Petrol tankers drivers threaten strike in Brussels.

Birmingham Chamber of Industry and Commerce holds Middle

Today's Events

Today's Events
voting for 26 executive council seats.

Newspaper Society technical conference and exhibition opens at Metropole Exhibition Hall, Brighton (until November 30).

Mr. Denis Healey, Chancellor of the Exchequer, meets members of the Labour Party's National Executive Committee and International Committees.

Lord McCluskey briefs

on VAT on imports of the goods.

It is questionable that it ignored the fact that the United States and Switzerland (where VAT does not apply) for the most important export markets for works of art.

Mr. George Levy.

H. Blairmore and Sons, 119, Mount Street, W1.

EEC Education and Social Affairs Councils meet in Brussels.

Civil and Public Services Association.

Eastern orientation course until December 1.

1978 Schools Prom, at Albert Hall until November 29.

PARLIAMENTARY BUSINESS
House of Commons: Debate on oil spillage. Opposed private

COMPANY RESULTS
Final dividends: Matthew Brown and Co. J. H. Fenner and Co. (Holdings), Greenacres Properties.

Interim dividends: Chamberlain Phipps, Country Gentlemen's Association, Property and

Revisionary Investment Corporation, Sunrice Clothes, Streeters of Gidaling, Suter Electrical, Watson (R. Kelvin), Interim figures: S. and U. Stores.

COMPANY MEETINGS
See Financial Diary on page 30.

SCOTLAND

DEVOLUTION REFERENDUM SCOTTISH ASSEMBLY OFFSHORE OIL

TODAY: The Financial Times contains an eight-page survey on Scotland. If you have business in or with Scotland you will want to read the survey.

EVERY DAY: The Financial Times contains news, analysis, information

COMPANY NEWS

Harris Queensway offer for sale to raise £7.75m

THE expected offer for sale by Harris Queensway, the carpet and furniture retailing group, is of 5m shares at 155p each, raising £7.75m. On this basis the group will be capitalised at £28.25m.

At the issue price Harris is coming to the public on a prospective p.e. for the year ending on December 23 of 9.45, excluding profits on asset disposals and an full tax charge. The annualised dividend offers a yield of 7.51 per cent and the underlying net asset value is equivalent to 34p a share.

Of the 5m shares, 1m are new and will raise £1.2m for the company. The rest are being sold by Harris family interests.

The group was started by its current chairman, Mr. Philip Harris, at the age of 15, when he took over three shops run by his late father.

In July 1977 Harris Carnets, as it then was, took the major step of acquiring the loss-making Queensway Discount Warehouses. This marked the company's first experience of furniture and took it into "out of town" retailing.

Queensway has been substantially reorganised. Seven shops have been closed, the staff cut from 800 to 500, the advertising budget reduced and the range of goods changed. In the year ended September 30, 1978, it made a trading loss before interest of £47,000. In the half year ended June 30, 1978, under the Harris wing, Queensway made a trading profit of £908,000.

The group's carpet chain was extended last May with the acquisition of J. Ross in Scotland, operating a total of 29 shops. In the half year ended last June Ross contributed £900,000 to Harris' profit.

Overall the group now operates 129 carpet shops, with a total selling area of 287,000 sq ft, and 22 discount stores with a selling area of 60,000 sq ft.

Both divisions "have considerable scope for further expansion," says the prospectus.

At present the company operates three warehouses for its carpet division. Furniture stocking is done on the site of the stores. The warehouses also hold all the group's cutting equipment.

At present there are six Darwin

attributable to property sales. The directors intend to pay a dividend of 4.5p next May. If the company had been quoted for a full year dividends would be 7.5p per share.

In terms of market share the group holds around 7 per cent of the carpet market and around 2 per cent in furniture. Eight new carpet shops will be opened early in 1979 and six discount stores are planned to start trading next year. There are plans to open a further two discount stores.

The directors consider that the medium- and long-term prospects are "excellent".

Though the last balance sheet dated June 1978 showed net debt of £2.3m against shareholders' funds of nearly £4m, that position was largely a result of debt inherited from its acquisitions. By the end of last October Harris had £1.4m of cash while borrowings were £2.83m.

BOARD MEETINGS

The following companies have meetings of board members to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. No formal indications are given of when and at what dividend an informed view can be had of last year's results.

TODAY:
Incorporated: Associated Printers, London
and International Corporation
of Publishers, London, Sunlife Life
Savers, the Royal R.F.C., New States
Finals—Matthew Brown J. H. Cooper
FUTURE DATES:

Incorporated: Associated Printers, London
and International Corporation
of Publishers, London, Sunlife Life
Savers, the Royal R.F.C., New States
Finals—Matthew Brown J. H. Cooper
PAST DATES:

Incorporated: Associated Printers, London
and International Corporation
of Publishers, London, Sunlife Life
Savers, the Royal R.F.C., New States
Finals—Matthew Brown J. H. Cooper
NOTES:

Incorporated: Associated Printers, London
and International Corporation
of Publishers, London, Sunlife Life
Savers, the Royal R.F.C., New States
Finals—Matthew Brown J. H. Cooper
NOTES:

Incorporated: Associated Printers, London
and International Corporation
of Publishers, London, Sunlife Life
Savers, the Royal R.F.C., New States
Finals—Matthew Brown J. H. Cooper
NOTES:

Incorporated: Associated Printers, London
and International Corporation
of Publishers, London, Sunlife Life
Savers, the Royal R.F.C., New States
Finals—Matthew Brown J. H. Cooper
NOTES:

Incorporated: Associated Printers, London
and International Corporation
of Publishers, London, Sunlife Life
Savers, the Royal R.F.C., New States
Finals—Matthew Brown J. H. Cooper
NOTES:

Incorporated: Associated Printers, London
and International Corporation
of Publishers, London, Sunlife Life
Savers, the Royal R.F.C., New States
Finals—Matthew Brown J. H. Cooper
NOTES:

Incorporated: Associated Printers, London
and International Corporation
of Publishers, London, Sunlife Life
Savers, the Royal R.F.C., New States
Finals—Matthew Brown J. H. Cooper
NOTES:

Incorporated: Associated Printers, London
and International Corporation
of Publishers, London, Sunlife Life
Savers, the Royal R.F.C., New States
Finals—Matthew Brown J. H. Cooper
NOTES:

Incorporated: Associated Printers, London
and International Corporation
of Publishers, London, Sunlife Life
Savers, the Royal R.F.C., New States
Finals—Matthew Brown J. H. Cooper
NOTES:

Incorporated: Associated Printers, London
and International Corporation
of Publishers, London, Sunlife Life
Savers, the Royal R.F.C., New States
Finals—Matthew Brown J. H. Cooper
NOTES:

Incorporated: Associated Printers, London
and International Corporation
of Publishers, London, Sunlife Life
Savers, the Royal R.F.C., New States
Finals—Matthew Brown J. H. Cooper
NOTES:

Incorporated: Associated Printers, London
and International Corporation
of Publishers, London, Sunlife Life
Savers, the Royal R.F.C., New States
Finals—Matthew Brown J. H. Cooper
NOTES:

Incorporated: Associated Printers, London
and International Corporation
of Publishers, London, Sunlife Life
Savers, the Royal R.F.C., New States
Finals—Matthew Brown J. H. Cooper
NOTES:

Incorporated: Associated Printers, London
and International Corporation
of Publishers, London, Sunlife Life
Savers, the Royal R.F.C., New States
Finals—Matthew Brown J. H. Cooper
NOTES:

Incorporated: Associated Printers, London
and International Corporation
of Publishers, London, Sunlife Life
Savers, the Royal R.F.C., New States
Finals—Matthew Brown J. H. Cooper
NOTES:

Incorporated: Associated Printers, London
and International Corporation
of Publishers, London, Sunlife Life
Savers, the Royal R.F.C., New States
Finals—Matthew Brown J. H. Cooper
NOTES:

Incorporated: Associated Printers, London
and International Corporation
of Publishers, London, Sunlife Life
Savers, the Royal R.F.C., New States
Finals—Matthew Brown J. H. Cooper
NOTES:

Incorporated: Associated Printers, London
and International Corporation
of Publishers, London, Sunlife Life
Savers, the Royal R.F.C., New States
Finals—Matthew Brown J. H. Cooper
NOTES:

Incorporated: Associated Printers, London
and International Corporation
of Publishers, London, Sunlife Life
Savers, the Royal R.F.C., New States
Finals—Matthew Brown J. H. Cooper
NOTES:

Incorporated: Associated Printers, London
and International Corporation
of Publishers, London, Sunlife Life
Savers, the Royal R.F.C., New States
Finals—Matthew Brown J. H. Cooper
NOTES:

Incorporated: Associated Printers, London
and International Corporation
of Publishers, London, Sunlife Life
Savers, the Royal R.F.C., New States
Finals—Matthew Brown J. H. Cooper
NOTES:

Incorporated: Associated Printers, London
and International Corporation
of Publishers, London, Sunlife Life
Savers, the Royal R.F.C., New States
Finals—Matthew Brown J. H. Cooper
NOTES:

Incorporated: Associated Printers, London
and International Corporation
of Publishers, London, Sunlife Life
Savers, the Royal R.F.C., New States
Finals—Matthew Brown J. H. Cooper
NOTES:

Incorporated: Associated Printers, London
and International Corporation
of Publishers, London, Sunlife Life
Savers, the Royal R.F.C., New States
Finals—Matthew Brown J. H. Cooper
NOTES:

Incorporated: Associated Printers, London
and International Corporation
of Publishers, London, Sunlife Life
Savers, the Royal R.F.C., New States
Finals—Matthew Brown J. H. Cooper
NOTES:

Incorporated: Associated Printers, London
and International Corporation
of Publishers, London, Sunlife Life
Savers, the Royal R.F.C., New States
Finals—Matthew Brown J. H. Cooper
NOTES:

Incorporated: Associated Printers, London
and International Corporation
of Publishers, London, Sunlife Life
Savers, the Royal R.F.C., New States
Finals—Matthew Brown J. H. Cooper
NOTES:

Incorporated: Associated Printers, London
and International Corporation
of Publishers, London, Sunlife Life
Savers, the Royal R.F.C., New States
Finals—Matthew Brown J. H. Cooper
NOTES:

Incorporated: Associated Printers, London
and International Corporation
of Publishers, London, Sunlife Life
Savers, the Royal R.F.C., New States
Finals—Matthew Brown J. H. Cooper
NOTES:

Incorporated: Associated Printers, London
and International Corporation
of Publishers, London, Sunlife Life
Savers, the Royal R.F.C., New States
Finals—Matthew Brown J. H. Cooper
NOTES:

Incorporated: Associated Printers, London
and International Corporation
of Publishers, London, Sunlife Life
Savers, the Royal R.F.C., New States
Finals—Matthew Brown J. H. Cooper
NOTES:

Incorporated: Associated Printers, London
and International Corporation
of Publishers, London, Sunlife Life
Savers, the Royal R.F.C., New States
Finals—Matthew Brown J. H. Cooper
NOTES:

Incorporated: Associated Printers, London
and International Corporation
of Publishers, London, Sunlife Life
Savers, the Royal R.F.C., New States
Finals—Matthew Brown J. H. Cooper
NOTES:

Incorporated: Associated Printers, London
and International Corporation
of Publishers, London, Sunlife Life
Savers, the Royal R.F.C., New States
Finals—Matthew Brown J. H. Cooper
NOTES:

Incorporated: Associated Printers, London
and International Corporation
of Publishers, London, Sunlife Life
Savers, the Royal R.F.C., New States
Finals—Matthew Brown J. H. Cooper
NOTES:

Incorporated: Associated Printers, London
and International Corporation
of Publishers, London, Sunlife Life
Savers, the Royal R.F.C., New States
Finals—Matthew Brown J. H. Cooper
NOTES:

Incorporated: Associated Printers, London
and International Corporation
of Publishers, London, Sunlife Life
Savers, the Royal R.F.C., New States
Finals—Matthew Brown J. H. Cooper
NOTES:

Incorporated: Associated Printers, London
and International Corporation
of Publishers, London, Sunlife Life
Savers, the Royal R.F.C., New States
Finals—Matthew Brown J. H. Cooper
NOTES:

Incorporated: Associated Printers, London
and International Corporation
of Publishers, London, Sunlife Life
Savers, the Royal R.F.C., New States
Finals—Matthew Brown J. H. Cooper
NOTES:

Incorporated: Associated Printers, London
and International Corporation
of Publishers, London, Sunlife Life
Savers, the Royal R.F.C., New States
Finals—Matthew Brown J. H. Cooper
NOTES:

Incorporated: Associated Printers, London
and International Corporation
of Publishers, London, Sunlife Life
Savers, the Royal R.F.C., New States
Finals—Matthew Brown J. H. Cooper
NOTES:

Incorporated: Associated Printers, London
and International Corporation
of Publishers, London, Sunlife Life
Savers, the Royal R.F.C., New States
Finals—Matthew Brown J. H. Cooper
NOTES:

Incorporated: Associated Printers, London
and International Corporation
of Publishers, London, Sunlife Life
Savers, the Royal R.F.C., New States
Finals—Matthew Brown J. H. Cooper
NOTES:

Incorporated: Associated Printers, London
and International Corporation
of Publishers, London, Sunlife Life
Savers, the Royal R.F.C., New States
Finals—Matthew Brown J. H. Cooper
NOTES:

Incorporated: Associated Printers, London
and International Corporation
of Publishers, London, Sunlife Life
Savers, the Royal R.F.C., New States
Finals—Matthew Brown J. H. Cooper
NOTES:

Incorporated: Associated Printers, London
and International Corporation
of Publishers, London, Sunlife Life
Savers, the Royal R.F.C., New States
Finals—Matthew Brown J. H. Cooper
NOTES:

Incorporated: Associated Printers, London
and International Corporation
of Publishers, London, Sunlife Life
Savers, the Royal R.F.C., New States
Finals—Matthew Brown J. H. Cooper
NOTES:

Incorporated: Associated Printers, London
and International Corporation
of Publishers, London, Sunlife Life
Savers, the Royal R.F.C., New States
Finals—Matthew Brown J. H. Cooper
NOTES:

Incorporated: Associated Printers, London
and International Corporation
of Publishers, London, Sunlife Life
Savers, the Royal R.F.C., New States
Finals—Matthew Brown J. H. Cooper
NOTES:

Incorporated: Associated Printers, London
and International Corporation
of Publishers, London, Sunlife Life
Savers, the Royal R.F.C., New States
Finals—Matthew Brown J. H. Cooper
NOTES:

Incorporated: Associated Printers, London
and International Corporation
of Publishers, London, Sunlife Life
Savers, the Royal R.F.C., New States
Finals—Matthew Brown J. H. Cooper
NOTES:

Incorporated: Associated Printers, London
and International Corporation
of Publishers, London, Sunlife Life
Savers, the Royal R.F.C., New States
Finals—Matthew Brown J. H. Cooper
NOTES:

Incorporated: Associated Printers, London
and International Corporation
of Publishers, London, Sunlife Life
Savers, the Royal R.F.C., New States
Finals—Matthew Brown J. H. Cooper
NOTES:

Incorporated: Associated Printers, London
and International Corporation
of Publishers, London, Sunlife Life
Savers, the Royal R.F.C., New States
Finals—Matthew Brown J. H. Cooper
NOTES:

Incorporated: Associated Printers, London
and International Corporation
of Publishers, London, Sunlife Life
Savers, the Royal R.F.C., New States
Finals—Matthew Brown J. H. Cooper
NOTES:

Incorporated: Associated Printers, London
and International Corporation
of Publishers, London, Sunlife Life
Savers, the Royal R.F.C., New States
Finals—Matthew Brown J. H. Cooper
NOTES:

Incorporated: Associated Printers, London
and International Corporation
of Publishers, London, Sunlife Life
Savers, the Royal R.F.C., New States
Finals—Matthew Brown J. H. Cooper
NOTES:

Incorporated: Associated Printers, London
and International Corporation
of Publishers, London, Sunlife Life
Savers, the Royal R.F.C., New States
Finals—Matthew Brown J. H. Cooper
NOTES:

Incorporated: Associated Printers, London
and International Corporation
of Publishers, London, Sunlife Life
Savers, the Royal R.F.C., New States
Finals—Matthew Brown J. H. Cooper
NOTES:

Incorporated: Associated Printers, London
and International Corporation
of Publishers, London, Sunlife Life
Savers, the Royal R.F.C., New States
Finals—Matthew Brown J. H. Cooper
NOTES:

Incorporated: Associated Printers, London
and International Corporation
of Publishers, London, Sunlife Life
Savers, the Royal R.F.C., New States
Finals—Matthew Brown J. H. Cooper
NOTES:

Incorporated: Associated Printers, London
and International Corporation
of Publishers, London, Sunlife Life
Savers, the Royal R.F.C., New States
Finals—Matthew Brown J. H. Cooper
NOTES:

Incorporated: Associated Printers, London
and International Corporation
of Publishers, London, Sunlife Life
Savers, the Royal R.F.C., New States
Finals—Matthew Brown J. H. Cooper
NOTES:

Incorporated: Associated Printers, London
and International Corporation
of Publishers, London, Sunlife Life
Savers, the Royal R.F.C., New States
Finals—Matthew Brown J. H. Cooper
NOTES:

Incorporated: Associated Printers, London
and International Corporation
of Publishers, London, Sunlife Life
Savers, the Royal R.F.C., New States
Finals—Matthew Brown J. H. Cooper
NOTES:

Incorporated: Associated Printers, London
and International Corporation
of Publishers, London, Sunlife Life
Savers, the Royal R.F.C., New States
Finals—Matthew Brown J. H. Cooper
NOTES:

Incorporated: Associated Printers, London
and International Corporation
of Publishers, London, Sunlife Life
Savers, the Royal R.F.C., New States
Finals—Matthew Brown J. H. Cooper
NOTES:

INSURANCE

Gold dividends
should be goodSome drivers more
equal than others

BY OUR INSURANCE CORRESPONDENT

THE GOLD price is bearing up only 20 cents against a predicted cut-off under the recent 250 cents. The market has gone through the fire and smoke of the increased monthly sales by the U.S. Treasury. But the doubled

output of 150 tonnes on December 10 still lies ahead as a restraining factor. At the time, has risen from the ashes and, as previously recorded here, moment there seems to be some buying again when the price falls below 200.

In the meantime, South African gold miners continue to sell well behind the earnings capacities of Melville, the big Canadian mining house.

Melville has been showing an upward move at this level of interest. In fact, it has spent enough political fears and enough for UK investors' nervousness about the future of the dollar premium.

But particularly for those who do not have to pay that premium, gold attractions will be underlined by the coming half-year dividend season. Anticipation buying is likely to be concentrated on the shares of companies which are expected to announce good increases in their payments

Top scoring comet of the October meeting of the London nickel boom Tasmania, which quickly burned out at the time, has risen from the ashes and, as previously recorded here, has even reached the dividend paying stage thanks to a wolfram operator in Tasmania in which

McLennan's the big Canadian mining house.

McLennan's has been showing an upward move at this level of interest. In fact, it has spent

enough political fears and enough for UK investors' nervousness about the future of the dollar premium.

But particularly for those who do not have to pay that premium, gold attractions will be underlined by the coming half-year dividend season. Anticipation buying is likely to be concentrated on the shares of companies which are expected to announce good

increases in their payments

10 per cent interest in Tasmanian exploration licences near Burnie.

A fast one-tonne mineral vein

and several hundred feet long and several hundred feet wide has been indicated by drilling.

The zone is irregular but is close to surface and averages around 0.3 per cent wolfram with other

intermediate narrow zones giving

indicated values of 0.5 to 1.0 per cent.

Nicholson considers the possibility sufficiently interesting for a preliminary feasibility study to be initiated in due course.

McLennan's shares have come along with the rest of the down-under market and are now 55 in London. They were 135 in August.

That current high-flying market

is the Canadian-Irish North-

route group's Westfield Minerals,

which were pinned up here

recently. Western Areas, which

was 105 in 1975, total up to 25

cents in 1976, was 125 in

1977, nearly double last year's

15 cents.

On December declarations,

Westfield paid 25 cents

divided from East Pretoria

in a possible 60 cents to make

100 cents. Westfield's

share price is 125 cents

now, up 20 cents in a week.

Westfield is also exported in

some quarters to make a good

start to its 1978-79 with an

interest of at least 125 cents which

would make a 300 cents (177p)

target for the new 1978 payments

allowance. It should be remembered

that the 155 cents paid in June

last year was 20 cents less than

the 1977-78 target.

Rising gold prices, however,

have caused a sharp

plunge. It has raised its producer

price for platinum from \$250 to

\$350 a kilo more after the recent

market decline. The market's free

market collapse, which

momentarily took quotations down

to 125 cents in New York, Friday

ended at 135 cents in London. It was 130

cents in a week earlier.

Westfield shares are 55p. They

are 250 cents total for 1978, now 100 cents considerably

climbed on the interim being more than that.

Vaal Reefs

The bulk of the announcements to be made next month but those of the Anglo-American group's Vaal Reefs, South African and Western Deep will not be completed until January. A payment of around 125 cents is expected from Anglo American.

This would make a 300 cents total of 250 cents.

That current high-flying market

is the Canadian-Irish North-

route group's Westfield Minerals,

which were pinned up here

recently. Western Areas, which

was 105 in 1975, total up to 25

cents in 1976, was 125 in

1977, nearly double last year's

15 cents.

On December declarations,

Westfield paid 25 cents

divided from East Pretoria

in a possible 60 cents to make

100 cents. Westfield's

share price is 125 cents

now, up 20 cents in a week.

Westfield is also exported in

some quarters to make a good

start to its 1978-79 with an

interest of at least 125 cents which

would make a 300 cents (177p)

target for the new 1978 payments

allowance. It should be remembered

that the 155 cents paid in June

last year was 20 cents less than

the 1977-78 target.

Rising gold prices, however,

have caused a sharp

plunge. It has raised its producer

price for platinum from \$250 to

\$350 a kilo more after the recent

market decline. The market's free

market collapse, which

momentarily took quotations down

to 125 cents in New York, Friday

ended at 135 cents in London. It was 130

cents in a week earlier.

Westfield shares are 55p. They

are 250 cents total for 1978, now 100 cents considerably

climbed on the interim being more than that.

WALL STREET

NEW YORK

THE GOLD price is bearing up only 20 cents against a predicted

cut-off under the recent 250 cents.

The market has gone through the fire and smoke of the increased

monthly sales by the U.S. Treasury.

But the doubled

output of 150 tonnes on December 10 still lies ahead as a

restraining factor. At the time,

has risen from the ashes

and, as previously recorded here,

has even reached the dividend

paying stage thanks to a wolfram

operator in Tasmania in which

McLennan's the big Canadian mining house.

McLennan's has been showing an upward move at this level of interest. In fact, it has spent

enough political fears and enough for UK investors' nervousness about the future of the dollar premium.

But particularly for those who do not have to pay that premium, gold attractions will be underlined by the coming half-year dividend season. Anticipation buying is likely to be concentrated on the shares of companies which are expected to announce good

increases in their payments

10 per cent interest in Tasmanian exploration licences near Burnie.

A fast one-tonne mineral vein

and several hundred feet long and several hundred feet wide has been indicated by drilling.

The zone is irregular but is close to surface and averages around 0.3 per cent wolfram with other

intermediate narrow zones giving

indicated values of 0.5 to 1.0 per cent.

Nicholson considers the possibility sufficiently interesting for a preliminary feasibility study to be initiated in due course.

McLennan's shares have come along with the rest of the down-under market and are now 55 in London. They were 135 in August.

That current high-flying market

is the Canadian-Irish North-

route group's Westfield Minerals,

which were pinned up here

recently. Western Areas, which

was 105 in 1975, total up to 25

cents in 1976, was 125 in

1977, nearly double last year's

15 cents.

On December declarations,

Westfield paid 25 cents

divided from East Pretoria

in a possible 60 cents to make

100 cents. Westfield's

share price is 125 cents

now, up 20 cents in a week.

Westfield is also exported in

some quarters to make a good

start to its 1978-79 with an

interest of at least 125 cents which

would make a 300 cents (177p)

target for the new 1978 payments

allowance. It should be remembered

that the 155 cents paid in June

last year was 20 cents less than

the 1977-78 target.

Rising gold prices, however,

have caused a sharp

plunge. It has raised its producer

price for platinum from \$250 to

\$350 a kilo more after the recent

market decline. The market's free

market collapse, which

momentarily took quotations down

to 125 cents in New York, Friday

ended at 135 cents in London. It was 130

cents in a week earlier.

Westfield shares are 55p. They

are 250 cents total for 1978, now 100 cents considerably

Business Week

UK TRADE FAIRS AND EXHIBITIONS

| Date | Title | Venue |
|------------|--|--|
| Current | Wholesale Buyers' Fair (until Nov. 30) | Mount Royal and Mortby Hotels, W1 |
| Dec. 1-3 | Video Trades Exhibition Royal Smithfield Show and Agricultural Machinery Exhibition | Healbow Hotel |
| Dec. 4-6 | Design Engineering Conference and Exhibition | Earl Court |
| Dec. 4-6 | Bristol Engineering and Industrial Equipment Exhibition | National Exhibition Centre, Birmingham |
| Dec. 5-7 | Computer Peripherals and Small Computer Systems | Bristol Exhibition Centre |
| Dec. 5-7 | UK Automatic Testing Exhibition | Olympia |
| Dec. 5-7 | COMPEC '78 (Computer Peripherals) | Royal Horticultural Halls |
| Dec. 5-7 | Export Services' Exposition | Olympia |
| Dec. 5-8 | Container Technology Conference and Cargo Systems Exhibition | National Exhibition Centre, Birmingham |
| Dec. 9-11 | Performance Car Show | Metropole Centre, Brixton |
| Dec. 12-14 | Exhibition and Display System Fair—MODIFLEX | Alexander Palace, N29 |
| | | West Centre Hotel, SW6 |

OVERSEAS TRADE FAIRS AND EXHIBITIONS

| Current | International Exhibition of Inventions and New Techniques (until Dec. 31) | Genova |
|-----------------|---|------------|
| Current | Musical Exposition (until Dec. 31) | Brussels |
| Current | Middle East Products, Materials and Construction Machinery Exhibition (until Nov. 30) | Bahrain |
| Nov. 25-Dec. 7 | Fair Materials Fair—BAVARENSE International Trade Fair | Copenhagen |
| Nov. 25-Dec. 10 | Scandinavian Trade Fair | Düsseldorf |
| Dec. 1-10 | International Woodworking Exhibition | Paris |
| Dec. 5-9 | Combustion and Heat Treatment Equipment Exhibition | Brussels |
| Dec. 5-9 | International Environment Exhibition | Tokyo |

BUSINESS AND MANAGEMENT CONFERENCES

| Current | Bradford University—Industrial Marketing (until Nov. 11) |
|------------|--|
| Current | MITC—Self Financing Productivity Schemes (Regent Hotel, Leamington Spa until Nov. 15) |
| Current | IPM—Selecting the Right Candidate (until Dec. 11) Whites Hotel, Lancaster Gate, W2 |
| Nov. 25 | SIMRA—British Army Rugs—With the Services and in Civilian Markets |
| Nov. 25 | ACF—International Managing Your Time (BUTE Farming since 1968 Expos) |
| Nov. 25 | BSI—Standard Method of Measurement (BASCET/ITD) Testing for Skills |
| Nov. 25 | BSI—Implementing Added Value Schemes (FTC—Choosing and Using a Subcontractor in Construction Contracts) |
| Nov. 25-29 | Strategic Management—Learning Creativity and Innovation Workshop |
| Nov. 25-29 | ASCE—Managing and Controlling Substructures (ET Conference, Wood Building in 1979—Marketing Society, Economic Growth—The Marketing Conference) |
| Nov. 25-29 | Metcalfe Hall—Corporate Finance for Auditors and Accountants |
| Nov. 25-29 | CCIC—Competitive Forces in the EEC |
| Nov. 25-29 | ETFC—Marketing Society Annual Conference—Economic Models in Engineering Industries—Economics Conference |
| Nov. 25-29 | AGPR—Essentials of Employment Law |
| Nov. 25-29 | Chartered Bankers' Conference on "Your Private Company—Maximising Wealth Creation for You and your Family" |
| Nov. 25-29 | FEFC—A seminar to discuss the setting up of the proposed European Foundation |
| Nov. 25-29 | IECIL—UK Economic Prospects in 1979 |
| Dec. 1 | Engineers' Direct—ETC—Data Logging and Measurements on |
| Dec. 1-2 | University of Bradford—Industrial Relations Negotiation |
| Dec. 4-5 | AMR/Euromark—Critical Legal Issues in the Euromarkets |
| Dec. 4-5 | CEES—Energy and Southeast Asia Conference |
| Dec. 4-5 | Regions' Tropic—Dealing for Senior Management |
| Dec. 4-5 | BTAA/ETC—Tourism Growth and London Accommodation |
| Dec. 4-5 | IPS—Counter Purchase (Whit) |
| Dec. 4-5 | CMTC—Safety Representatives and Safety Committee Receptions |
| Dec. 5 | BSI—Electrical Equipment Conference |

This week's business in Parliament

TODAY
COMMONS—Debate on oil price
Opposed private business
TOMORROW
COMMONS—House of Commons (Redistribution of Seats) Bill, second reading. Motion on Employment Protection (Variation of Limits) Order and Unfair Dismissal (Increase of Compensation Limit) Order
LORDS—National Land Fund Bill, second reading. Report of EEC Committee on Musical Advertising. Short debate on proposed European Monetary System

WEDNESDAY
COMMONS—Debate on proposed European Monetary System

LORDS—Report of the Select Committee on a Bill of Rights

TUESDAY
COMMONS—Merchant Shipping Bill, second reading. Motion on House of Commons Almshouse Fund. Qualifications of Directors of Social Work (Scotland) Regulations

LORDS—Forestry Bill, committee stage. Order on referendum on Welsh devolution Public Health Laboratories Service Bill, second reading. Short debate on increase in atmospheric carbon dioxide and apparent change in global weather patterns

SELECT COMMITTEES
Race Relations and Immigration. Subject: Effect of EEC membership of EEC on race relations and immigration. Witnesses: Mr. David Lam and Committee for Social Equality officials. 1 p.m. Room 6

FRIDAY
COMMONS—Private Members' motions

Council house sales attack

LARGER SCALE SALE of council houses is having a "damaging effect" on other housing policies, according to Shelter, the housing advice and pressure group.

Shelter's massive sales council-house sales in 1978 are likely to be the third biggest total about 15,000 houses.

The sales "are not evenly spread" and the "damaging effect" is concentrated on particular groups of households.

Sales, and tenders, to let, have been empty pending a new council waiting lists at a critical standstill.

City speech

MR. JOHN SMITH, the new Trade Secretary, is to speak at a lunch given by the London Chamber of Commerce and Industry at the Westminster Hotel, London Bridge, EC1, on December 1. It will be one of Mr. Smith's first opportunities to outline his plans for the future of British business.

MR. KEITH FALCON has been appointed marketing director of ROYAL DOUTTLEY TABLEWARE HOLDINGS in succession to Mr. John Bellak, who was appointed deputy managing director earlier this year. Mr. Falcon, who for the past two years has been marketing director of Fife's Fives and Tables, had 14 years previous experience in senior marketing and general management with various overseas companies in the Dunlop Group.

MR. M. D. DAWSON has been appointed sales director of Trident, and chairman of the Board. Mr. T. Goldsmith and

NEWS ANALYSIS—IRELAND AND EMS

Splitting a stable monetary area for the sake of unity

BY DAVID FREUD

THE PROSPECT of the British pound and Irish punt going their separate ways presents a big question to banks, insurance companies, brokers and most other financial institutions in the two countries.

The two economies have been linked individually for centuries. The link survived intact when the republic won its independence nearly 60 years ago. One Irish punt is worth one British pound and there is no exchange control across the Irish Sea. Markets in money, securities and gifts are all in legal and practical identical in London and Dublin. Pounds and dollars are interchangeable in the republic and Ulster.

The link would be broken inevitably should the republic announce membership of the proposed European Monetary System at the British annual meeting next week and the UK opt to join the system.

With the British pound floating, in however "controlled" a fashion, and the punt tied to the continental currencies, a divergence in the present one-to-one ratio would be possible at any time. Exchange rates between the two currencies would therefore have to be introduced.

Once exchange rates diverge, speculation is possible, with large flows of cash into the emerging market expected to appreciate. Thus exchange controls are present, even though they will be required. These arrangements are being made up to now on investments in Irish banks in case for two years, to allow all items in transit to be exchanged at par. After funds estimated to be invested in securities and property in Britain add about \$500m in the two years, the Irish banks have agreed to reverse direction, a decision in the branch network.

One of the main concerns for the link is Irish in the UK who sympathise with the Irish bankers, who said: "It seems strange that in the interests of economic development units we should split up the only area in which units already exist."

The list of practical difficulties is almost endless. One can only hope that in Irish in the UK, then standing orders in Irish institutions will become units we should split up the only area in which units already exist."

APPOINTMENTS

New managing director for Mullard

Mr. Jack Akerman has been appointed a director of Philips Electronics and Associated Industries from January 1. He is appointed as managing director of the UK division of the London Westminster, and joins the company's board, of which he will be managing director, and subsequently chairman of the telephone division.

Mr. Akerman is vice-president of the telephone division of the new company. His deputy chairman of the telephone division is Mr. John Newson-Smith and the deputy chairman is Lord Swanwick. The remaining directors are Mr. Colin Penrose, Mr. Bill Newton-Clarke and Mr. Mark Lakin.

Mr. A. T. Patten, both directors

of Argus, have been appointed directors of Trident. Mr. M. Paton has been appointed managing director of C. J. Mason and Sons, and Mr. G. F. Cleaver, who has relinquished these posts, Mr. Cleaver will continue as divisional director of the companies in the commercial printing division.

Mr. J. D. Salmon, currently technical director of the Crossfield Electronics division of the D. A. R. O. E. Crossfield division in association with Mr. K. Wolfe who is leaving to take up another appointment overseas.

Mr. R. Freeman has been appointed regional manager of NATIONAL WESTMINSTER BANK'S London regional trust and income tax department. Previously manager of Bushgate, he succeeds Mr. D. Wells on his retirement.

Mr. Archibald H. Brown is BRITISH RAIL'S new area manager at Aberdeen.

Mr. Alec McNichol (regional manager at Aberdeen).

WEEK'S FINANCIAL DIARY

The following is a record of the principal business and financial engagements during the week. The Board meetings are mainly for the purpose of considering dividends and official indicators are not always available whether dividends concerned are interim or final. The subdivisions shown below are based mainly on last year's figures.

| TODAY | |
|---|--|
| CONTINUATION OF THE BOARD MEETING, BIRMINGHAM, NOV. 27 | |
| CONTINUATION OF THE BOARD MEETING, NEWCASTLE, NOV. 27 | |
| CONTINUATION OF THE BOARD MEETING, CARDIFF, NOV. 27 | |
| CONTINUATION OF THE BOARD MEETING, GLASGOW, NOV. 27 | |
| CONTINUATION OF THE BOARD MEETING, MANCHESTER, NOV. 27 | |
| CONTINUATION OF THE BOARD MEETING, NOTTINGHAM, NOV. 27 | |
| CONTINUATION OF THE BOARD MEETING, SHEFFIELD, NOV. 27 | |
| CONTINUATION OF THE BOARD MEETING, SOUTHAMPTON, NOV. 27 | |
| CONTINUATION OF THE BOARD MEETING, WORCESTER, NOV. 27 | |
| CONTINUATION OF THE BOARD MEETING, YORK, NOV. 27 | |
| CONTINUATION OF THE BOARD MEETING, BELFAST, NOV. 28 | |
| CONTINUATION OF THE BOARD MEETING, CARDIFF, NOV. 28 | |
| CONTINUATION OF THE BOARD MEETING, GLASGOW, NOV. 28 | |
| CONTINUATION OF THE BOARD MEETING, MANCHESTER, NOV. 28 | |
| CONTINUATION OF THE BOARD MEETING, NOTTINGHAM, NOV. 28 | |
| CONTINUATION OF THE BOARD MEETING, SHEFFIELD, NOV. 28 | |
| CONTINUATION OF THE BOARD MEETING, SOUTHAMPTON, NOV. 28 | |
| CONTINUATION OF THE BOARD MEETING, WORCESTER, NOV. 28 | |
| CONTINUATION OF THE BOARD MEETING, YORK, NOV. 28 | |
| CONTINUATION OF THE BOARD MEETING, BELFAST, NOV. 29 | |
| CONTINUATION OF THE BOARD MEETING, CARDIFF, NOV. 29 | |
| CONTINUATION OF THE BOARD MEETING, GLASGOW, NOV. 29 | |
| CONTINUATION OF THE BOARD MEETING, MANCHESTER, NOV. 29 | |
| CONTINUATION OF THE BOARD MEETING, NOTTINGHAM, NOV. 29 | |
| CONTINUATION OF THE BOARD MEETING, SHEFFIELD, NOV. 29 | |
| CONTINUATION OF THE BOARD MEETING, SOUTHAMPTON, NOV. 29 | |
| CONTINUATION OF THE BOARD MEETING, WORCESTER, NOV. 29 | |
| CONTINUATION OF THE BOARD MEETING, YORK, NOV. 29 | |
| CONTINUATION OF THE BOARD MEETING, BELFAST, NOV. 30 | |
| CONTINUATION OF THE BOARD MEETING, CARDIFF, NOV. 30 | |
| CONTINUATION OF THE BOARD MEETING, GLASGOW, NOV. 30 | |
| CONTINUATION OF THE BOARD MEETING, MANCHESTER, NOV. 30 | |
| CONTINUATION OF THE BOARD MEETING, NOTTINGHAM, NOV. 30 | |
| CONTINUATION OF THE BOARD MEETING, SHEFFIELD, NOV. 30 | |
| CONTINUATION OF THE BOARD MEETING, SOUTHAMPTON, NOV. 30 | |
| CONTINUATION OF THE BOARD MEETING, WORCESTER, NOV. 30 | |
| CONTINUATION OF THE BOARD MEETING, YORK, NOV. 30 | |
| CONTINUATION OF THE BOARD MEETING, BELFAST, NOV. 31 | |
| CONTINUATION OF THE BOARD MEETING, CARDIFF, NOV. 31 | |
| CONTINUATION OF THE BOARD MEETING, GLASGOW, NOV. 31 | |
| CONTINUATION OF THE BOARD MEETING, MANCHESTER, NOV. 31 | |
| CONTINUATION OF THE BOARD MEETING, NOTTINGHAM, NOV. 31 | |
| CONTINUATION OF THE BOARD MEETING, SHEFFIELD, NOV. 31 | |
| CONTINUATION OF THE BOARD MEETING, SOUTHAMPTON, NOV. 31 | |
| CONTINUATION OF THE BOARD MEETING, WORCESTER, NOV. 31 | |
| CONTINUATION OF THE BOARD MEETING, YORK, NOV. 31 | |
| CONTINUATION OF THE BOARD MEETING, BELFAST, NOV. 30 | |
| CONTINUATION OF THE BOARD MEETING, CARDIFF, NOV. 30 | |
| CONTINUATION OF THE BOARD MEETING, GLASGOW, NOV. 30 | |

FINANCIAL TIMES SURVEY

Monday November 27 1978

Job in site

Machine Tools

Although some sectors of Britain's machine tool industry have seen a modest recovery in the last 18 months, the prospects for next spring are not so good. If order books plunge back to the level of the recession, many machine tool companies will be under severe pressure.

Industry is still far from robust

By Hazel Duffy

THE MACHINE tool industry approaches 1979 in a healthier state than it has been in for the past few years—yet it is still far from robust.

Recovery from the long recession began towards the end of 1976. But it has been patchy, and for some sectors of the industry it has been hardly detectable.

Output during the first half of 1978 totalled £224m, and is expected to rise to around £480m for the full year. This compares with £403m in 1977, and £352m in 1976. Considering that machine tool prices have been increasing at above 10 per cent, it can be seen that in real terms the scale of the recovery has been modest.

The industry realised early in the recovery that it was not going to reach the boom level of 1973/74—a fact that was not necessarily regretted when the pressures on cash flow and the shortage of skilled labour problems were still fresh in the mind.

The latest economic forecasts, and the higher cost of borrowing money, have tended to confirm the industry's own forecasts that the upward trend of the past 18 months would in any case come to a halt in the spring of next year.

What happens then will be of critical importance to the industry. If order books plunged back to the levels of the recession, many companies would be under severe pressure.

Imports

But the general expectation is that the level of activity will plateau out at around that forecast for next spring. At this point, the industry would like to think that it has seen the back of the violent peaks and troughs of the past which have been so difficult to live with.

Considering that machine tool prices have been increasing at above 10 per cent, it can be seen that in real terms the scale of the recovery has been modest.

would be welcomed if the down-turn was not too severe.

The tendency for imports to

continue coming in, even during

a period of recession, poses

a long-term threat to the

standard machine tools that

these countries are compet-

ing. Several of the computer-

controlled machine tools on

show at a recent production

engineering exhibition in Lon-

don, for example, came from

Spain, which is coming up

strongly in more sophisti-

cated products.

Imports took about 48 per

cent of the home market last

year—in 1976, they reached 50

per cent. The industry is proud

of the fact that in only two or

three years there were imports ex-

ceeded exports—the pattern for

a positive balance in machine

tools has been maintained in

the past few years.

Last year, exports totalled

£184.9m against imports of

£144.4m. In the first six months

of this year, the industry ex-

ported machine tools valued at

£109.9m, but imports were edg-

ing up to £92.2m.

Despite this positive balance,

Japan is not the threat in

machine tools that it is in the

mass volume consumer indus-

tries. But its strongly expanding

home market has been helping

it to enter export markets with

more vigour recently. Japan is

particularly competitive on

price, and some experts believe

knowhow will enable it to forge

new markets in computer-con-

trolled machine tools—it has

already made significant inroads

internationally, with substantial

trade between the industrialised

countries.

Numerically-controlled mach-

ine tools account for only about

1.5 per cent of machine tools

in the export and import lists for

installed by British industry

in Britain, followed by America (against 5 per cent in coun-

tries). Between peitor countries. That tiny

them, these three countries proportion represents annual

machines tool imports last year, of around 3 per cent, much

Newer competitors, however, higher than for most other types

are creeping into the picture.

Spain, South Korea, Taiwan and

Brazil are some of the more im-

portant competitors.

Nor is it only in more

standard machine tools that

these countries are compet-

ing. Several of the computer-

controlled machine tools on

show at a recent production

engineering exhibition in Lon-

don, for example, came from

Spain, which is coming up

strongly in more sophisti-

cated products.

But it is still not enough for

the health of the industry,

according to Mr. Bill Vaughan

president of the Machine Tool

Trades Association, who said

recently that unless something

is done to boost industry's rate

of investment in machine tools

"there is grave danger of

the hardening of our industrial

arteries, and a decline in our

manufacturing capability."

He also mentioned numeri-

cally-controlled machine tools as

an example of where there

could be "a heavy shot in the

arm."

The machine tool industry

itself has also suffered over the

years from under-investment.

This is being rectified to some

extent by the Government aid

scheme which pumped £30m

into the industry, generating

new investment of around

£200m.

The aim of the investment

programme is to improve pro-

duction processes and to en-

courage manufacturers to in-

corporate a higher level of tech-

nology in their products. Various

studies, including work done by

the NEDO Economic Develop-

ment Committee for machine

tools, have stressed the need for

the industry to put more empha-

sis on technology.

The need for greater liaison

between manufacturer and cus-

tomers in product development over the past year, increasing earlier in the year, but tending to fall off more recently. The redundancies at Alfred Herbert

will be particularly significant as they amount to sizeable numbers in an industry of quite

small companies.

There is also scope for more co-operation between the industry and customers in developing export markets—but both of these areas are ideal material for the industrial strategy programme, and it will be interesting to see whether anything concrete emerges from these programmes.

Away from the more sophisticated products, some companies continue to be consistently successful with their standard machine tools. For most such companies (Alfred Herbert being the obvious exception), 1978 has been a reasonably good year.

Competition

Price is obviously an important factor in the standard ranges. After suffering severe price competition during the recession, the gradual recovery in demand has allowed companies to go for price increases over the past year, so that the industry moves into 1979 expecting the full benefits of these increases to show through into profits.

Employment has fluctuated

have met with limited success largely because only a few products lend themselves to this treatment. The industry's largest single customer remains the motor industry, and much of its future will depend on the fate of that industry.

The main labour shake-out in the industry, however, came in the early seventies, so that even during the long recession which followed 1973/74, companies were reluctant to cut back on their workforces.

The machine tool industry has one of the highest concentrations of skilled labour in the engineering sector, and many companies which found themselves with severe labour shortages during the boom have decided it is better to keep labour on. But pay policies having substantially eroded differentials means that shortages persist, and this is one reason that the industry is not unduly dismayed that demand has not returned to a high level.

If the economy can be managed in such a way that the peaks and troughs are flatter than in past cycles, this would be to the benefit of the industry. To a large extent, this lies with factors outside its control. Efforts within the industry to moderate the effects of the demand cycle have included stockpiling schemes, but they review.

High Productivity-Fast Payback

Machine tools by

ALFRED HERBERT LTD

Coventry England

Butler



Established 1869

We believe with good reason, that we are currently the most successful machine tool company in the UK and one of the most successful in the world.

Our wide product range is constantly being updated and we are in the forefront of technological advancement in our field.

We have been building high quality machine tools since 1869.

Our Product Range includes:

- Elgamill milling and boring machine..
- Plane Millers.
- Machining Centres.
- Heavy Duty, NC Lathes.
- Low Cost NC Lathes.
- Manual Programming Lathes.

The Butler Machine Tool Company Ltd.,
Mile Thorne,
Halifax HX1 4ER
Telephone: Halifax 61641
Telex: 51236

BUYING MACHINE TOOLS?

Then send for one of the most comprehensive buying aids for standard machine tools available at the present time:-

The Ajax 150 page Machine Tool Catalogue

AJAX MACHINE TOOL CO. LTD.
Station Road, Bredbury, Stockport, Cheshire SK6 2AL.
Tel: 061-430 5231 Telex: 668396

VAUGHAN ASSOCIATES LIMITED

FOR YOUR MORE IMPORTANT MACHINE TOOLS

Our programme of advanced machine tools from leading European & American builders and from our own manufacturing resources covers the whole field of production engineering.

VAUGHAN ASSOCIATES LIMITED
Machine Tool Specialists
LONDON • NOTTINGHAM • SHREWSBURY

WESTERN EUROPE contains exporter of machine tools in five out of the top ten machine value terms—exports were four producing countries, with worth \$948m last year against West Germany at the head of the \$650m exported from the United States—and it relies production was worth the heavily on high technology to equivalent of US\$2.82bn. sell its products. But price does which put it ahead even if it is not exactly U.S. with its output of \$2.35bn. at the top of the customer's list of priorities.

The European manufacturers have therefore suffered severely from the failure of industrialised countries' economies to allow manufacturing companies to build up a decent layer of financial fat to see them through the lean periods of the demand cycle has helped the machine tool makers survive previous recessions without too many problems.

Combine this with the immovable flexibility of the German industry, made up as it is in the main of medium-sized family companies able to make swift decisions and act on them immediately, and it is not difficult to understand why some of its European neighbours have seen West Germany as the major threat to their home-grown manufacturers.

About 400 companies make up the West German industry with perhaps 15 of them large by machine tool business standards—that is employing over 1,000 people.

The recession has forced some of these traditionally independent organisations to seek shelter in the arms of a friendly bank as a merger with another German group. And some well-known names, such as Ludwigshafen, Stuttgart, have simply gone out of business.

In comparison, the West German machine tool manufacturers cut their workforce by 13 per cent to roughly 97,000 while in France the cutback was one of 20 per cent to 21,500. However, it must be remembered that the big drop in employment in the UK industry came with the 1971 recession when other countries were less badly affected.

The problem with the current recession as far as West Germany is concerned is that it has expecting any major change in zone on so long and been their situation during 1975, exacerbated by the high value of the Deutsche Mark compared French are in deeper trouble, with other currencies. Last year the machine tool Germany is by far the largest makers in that country were

ESTIMATED WORLD MACHINE TOOL PRODUCTION AND TRADE FOR 1977

(Top 12—values in US\$m)

| Country | Production | | Trade | | |
|--------------------|------------|----------|---------|---------|---------|
| | Total | Cutting | Forming | Export | |
| 1 Germany (FRG) | 2,619.7 | 1,676.7 | 943.0 | 1,911.8 | 289.2 |
| 2 U.S. | 2,350.0 | 1,700.0 | 650.0 | 446.9 | 400.3 |
| 3 Soviet Union* | 2,000.0 | 1,775.0 | 325.0 | 725.0 | 508.0 |
| 4 Japan | 1,564.9 | 1,195.3 | 372.6 | 566.4 | 584.4 |
| 5 Italy | 850.3 | 634.9 | 215.4 | 408.1 | 181.4 |
| Germany (GDR)* | 703.6 | 565.5 | 138.1 | 535.0 | 205.0 |
| 7 UK | 701.4 | 526.1 | 175.3 | 324.4 | 245.5 |
| 8 France | 580.2 | 407.2 | 173.2 | 248.4 | 285.0 |
| 9 Switzerland | 559.3 | 475.4 | 83.9 | 474.9 | 72.3 |
| 10 Poland | 555.5 | 493.5 | 60.4 | 152.0 | 516.0 |
| 11 China | 725.0 | 426.0 | 99.0 | 10.0 | 564.0 |
| 12 Czechoslovakia* | 308.1 | 248.5 | 59.3 | 197.1 | 114.9 |
| World Total | 15,045.8 | 11,047.1 | 3,998.4 | 6,321.7 | 4,512.2 |

Notes: *Controlled currency at official conversion rate, real equivalent hard to determine. Rough estimate from fragmentary data.

Source: American Machinist, February, 1978.

working at an average of 71 per cent of capacity and losses were widespread among the 350 or so concerns which make up the industry.

The French Government, like that of the UK, has no compensation about giving a helping hand to its machine tool makers in times of distress. After all, the machine tool industry is considered a key sector in any manufacturing country.

The latest move by the French Government to shore up its industry came in the autumn this year with an injection of cash equivalent to \$17.5m for Ratier-Forest, a beleaguered concern which had been struggling for months with redundancies and factory occupations. The bulk of the cash is for Ratier-Forest's machine tool operations and some for its aerospace-linked activities.

At the same time pressure was applied again to Renault to consider some sort of link between its machine tool business—France's biggest and also a loss-maker—and that of Ratier-Forest. But Renault, although State-controlled, has been showing extreme reluctance to get more deeply involved in the machine tool sector. With an output last year

BRITISH TRADE in machine tools in the first six months of this year has increased substantially, but the familiar problems associated with a simultaneous, if limited, upturn in demand both at home and abroad have already begun to appear.

The UK machine tool industry, like other sectors, has been urged on the one hand to implement policies which will speed up import substitution, but on the other is obviously anxious to avoid losing its foothold in hard-won export markets.

Some companies therefore face an unavoidable dilemma when customers at home and abroad are seeking their products. Few companies, however, would wish to forego the opportunity to supply the booming U.S. market which in the first six months of this year took machine tools worth £17.5m from Britain.

Retrofitting

This demand is expected to increase substantially due to the massive retrofitting taking place in the American motor industry as car companies prepare to meet the deadlines for less fuel hungry models. Considerable buying for this purpose has already taken place but much more is to come and the U.S. machine tool industry will be unable to meet all the requirements.

Rapidly growing orders by the world's airlines for the new generation of quieter, fuel efficient aircraft is also likely to have a substantial impact on the world machine tool market, again particularly in the United States where Boeing's new series of airliners is now due to move into the production stage. The promising future of Airbus Industrie's A300 airliner and its smaller B10 derivatives are likely to boost demand in the European aerospace industry.

Rapidly growing orders by the world's airlines for the new generation of quieter, fuel efficient aircraft is also likely to have a substantial impact on the world machine tool market, again particularly in the United States where Boeing's new series of airliners is now due to move into the production stage. The promising future of Airbus Industrie's A300 airliner and its smaller B10 derivatives are likely to boost demand in the European aerospace industry.

The scheme is also aimed at stemming the increasing number of gaps which have been appearing in the range of machine tools offered by British manufacturers, which have almost certainly led to a growth in imports and effectively prevented import substitution.

This form of Government aid, which has now been almost fully allocated, is generally regarded as being helpful to the industry, but it is clear that more drastic measures will be needed to meet the tough objectives for 1980-82 which have been proposed by the National Economic Development Office's machine tools EDC.

These are to export 60 per cent of production, which on the basis of deliveries last year worth nearly £400m would mean an increase of around £55m in the value of exports.

industry. But it lagged behind profitable parts of the State that of another European car owned, IRI-Finsider group, maker, Fiat of Italy, which has about one-third of its sales a machine tool and production over is accounted for by systems division with a 1977 machine tools and presses and turnover of about \$180m. (Compared with these operations as pare this with the \$103m of probably in the region of \$60m sales by the machine tool division of Britain's biggest business in the sector, the 500 together of CECIMO in October Group.)

At the most recent general mood was not too black. Although it seems unlikely that the spring estimate that machine tool orders for European countries would advance by around 7 per cent this year will be fully achieved, most of the manufacturers were surprised by virtue of a pick-up in domestic demand.

All of them complained that exporting was getting tougher, however, except perhaps to the UK in Europe and in particular the specialist activities of the Berlin Lanet, IMP and UTES to the U.S. where the re-equipping programmes of the major and aerospace industries has sort machine tool demand soaring to unprecedented heights.

Kenneth Gooding

Upward surge in UK exports

While all the indications are that world demand will continue to meet a challenge of this kind pointing out that investment forecasts for Britain are enough been rising and the prospects abroad continued to be good.

There are now better opportunities than ever before in respect of overseas projects. We are establishing a base where we go in with the major British licensee, as for example the Rolls-Royce Spey project with China," he said.

However, he added that more than £400m worth of new machine tool projects in Britain had been hit by unofficial action by workers. "How different it is in the U.S. at the moment £7.7m in 1974 to £49m in 1975. In the 10 years up to 1977 it accumulated a total surplus of £300m.

In the first six months of this year exports of new and used machine tools amounted to £10.0m (compared with £185m for the whole of last year), while imports were valued at £92.2m (compared with £144m for 1977). While the total trade figure for this year is therefore likely to be well up on 1977, on present form there is no likelihood of great improvement in the trade balance.

And, as in other British industries, there is increasing concern that machine tool manufacturers are too reliant upon standard technology machines in export markets and but competition from domestic countries and, increasingly, Eastern European nations is particularly strong. After the United States, West Germany (itself the world's largest exporter of machine tools) was Britain's largest market last year, when goods worth £17.5m were sold. Poland and Iran followed with purchases from the UK around £10m each.

West Germany, on the other hand, was by far the biggest supplier of machine tools to Britain last year, with the volume (valued at £56.5m) outstripping sales to the U.S. and Canada £15m, followed by France with £13m and Japan with £6.5m.

The relatively high British export figure for Poland reflects the volume of buying for the Ursus tractor plant near Warsaw, which has been revitalised with the help of Matra-Peugeot, UK, in June 1978. Companies are estimated to have benefited in the sum of £100m in orders in connection with the project.

About 60 per cent of the plant's very considerable machine tool requirements were met by Cross International, Alfred Herbert, Kearney and Trecker, Marwin and Matrix Churchill. With the home market still patchy, and prospects for the early part of next year no more than reasonably good, the machine tool industry's recently introduced changes in its export promotion policy will have to be used to the full if substantial increases in exports are to be achieved.

While it is clear that even British-made machine tools are not as modern in design as those of foreign competitors, there are many examples of companies investing in highly competitive products. The recent comparative strength of sterling has not helped activities in North America, but the price parity in such value-driven countries such as West Germany and Japan are much improved.

Lorne Barling

AMONG THE FIRST CLASS MACHINE-TOOL BUILDERS, YOU CERTAINLY KNOW THAT

G. MINGANTI & C.

S.p.A. Bologna (Italy)
Machine Tools

Main office and plant Via della Liberazione, 13 - 40126 BOLOGNA (Italy)
Telephone (051) 36 07 21 (1 line) - Telex: 51193 Minganti

HAS A VERY GOOD POSITION

PRODUCTION PROGRAMME

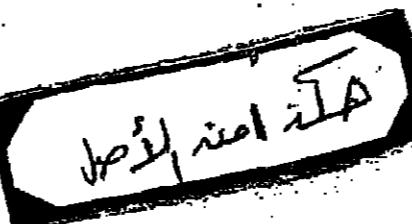
Single-spindle automatic chucking machines — NC single-spindle horizontal chucking and bar machines — NC single- and twin-spindle vertical chuckers — Vertical automatic programme chuckers — Multi-spindle automatic chucking and bar machines — Turning and transfer machines — Special purpose machines — Special grinders for injectors.

AGENTS IN EUROPEAN COUNTRIES

UNITED KINGDOM NAVILLE MACHINE TOOLS LIMITED — Arundel Street — Gibbet Street
HALIFAX HX1 4LE — WEST YORKSHIRE
Tel. 0422 567 5943 — Telex: 51738
WEST GERMANY EBERHARD HENKEL KG — Heidenheimerstrasse 110 — 7340 GEISLINGEN/STEIGE
Tel: 07151 61088 — Telex: 0715168
FRANCE CIT-ALCATEL — 33 Rue Emeriau — 75725 PARIS CEDEX 15
Tel: (1) 577 10 10 — Telex: 260806
SWEDEN MANDELLI SCANDINAVIA AB — Västra Hamngatan 12 — 411 17 GOTEBORG
Tel: 031-175380 — Telex: 21430
SPAIN CASALS-FONSECA, S.A. — Dr. Carrión, 31 — BARCELONA, 17
Tel: 247717-2115724 — Telex: 52980
USSR — POLAND — RUMANIA — HUNGARY — YUGOSLAVIA — CZECHOSLOVAKIA — BULGARIA
DIRECT SALES ORGANISATION



Machine-tool builders since 1911



Few structural changes

A YEAR OF mixed fortunes for Britain's machine tool industry has resulted in relatively little outward change in the industry's structure.

But within the industry some companies have found that the improvement in demand has enabled them to capitalise on their strengths, while others have experienced difficulties in getting sufficient orders.

The industry is notable for the large number of smaller companies, or divisions of larger companies, which nevertheless maintain much of their individuality.

After the major rationalisation efforts to the late 'sixties and early 'seventies, there have been few mergers of note even in the long recession to which the industry had to adjust.

Recession

The recent exception to this picture was the acquisition by B. Elliott, of the Newall Group, in July, 1977—a move which was prompted by financial pressures on Newall arising from the long recession. A more "accidental" merger as far as UK is concerned was the one between the two big American machine tool manufacturers, Giddings and Lewis, and Motch and Merryweather. This has created a unit from their two British subsidiaries which has a turnover in the range of £4m annually.

The most publicised victim of the still patchy recovery in capital goods is Alfred Herbert. Under the guidance of the National Enterprise Board, and as a result of some slimming-down, it had seemed that this ailing company was being successfully nursed back to recovery.

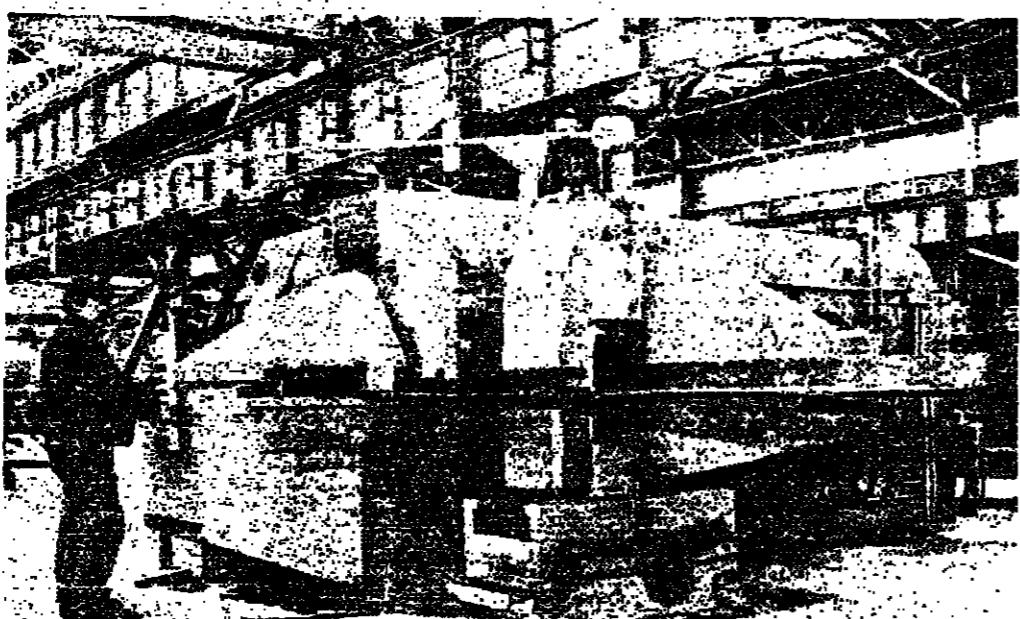
Then it was revealed, earlier this year, that the group's slow climb back to profitability had been reversed sharply, and a loss of £2.2m before tax was announced for the first six months of 1978 following a profit of £436,000 in the first half of 1977. Herbert's management said that the problem lies with the Edgwick plant, where substantial redundancies are due to take place.

Of more short-term significance was the fact that Herbert had decided to stockpile machine tools during the recession in anticipation of a sharp upturn. The pattern of recovery turned out to be much less rapid than had been expected, and much of the stockpile had remained unsold.

Herbert's continuing failure to respond to all the various forms of treatment prescribed may have had an effect on the rest of the industry, particularly in export markets where the name of Alfred Herbert was once synonymous with the industry as a whole. It is an effect which is lessening now, but the industry as a whole will be thankful to see Herbert restored to the position of a healthier competitor.

Some other companies have also encountered problems over the past year, although not to the same extent as Herbert.

The machine division at Tube Investments includes Matrix and Charles Churchill among its best-known subsidiaries. While TI Churchill has been enjoying buoyant results, Matrix's Coventry plant had to lay people off earlier this year, mainly as a result of particu-



A Hugh Smith 700-tonne frame bender seen here at the Hyundai shipyard in South Korea

larly tough competition in grinding machines. There have also been management changes which are expected to lead to some re-organisation of the production base at Coventry.

Demand

John Brown's machine tool division is one of the biggest in the country. It consists of the Wickman company plus its subsidiaries. Despite the recovery in machine tool demand, profits of the division reported in John Brown's latest published accounts fell from £2.6m to £2.3m.

Part of the problem is that Wickman's main product is multi-spindle automatics, used for high volume production, for which demand has not yet picked up. The division is in the middle of a sizeable investment programme but at the moment it is lagging well behind the return being made by other divisions in this big engineering group, and some re-organisation is in progress.

American-owned companies are responsible for between 30 and 40 per cent of Britain's machine tool production. The biggest such company is Cincinnati Milacron, which has been operating in this country since 1934.

Cincinnati produces about a quarter of the UK's output of numerically-controlled machine tools, and about a third of these are exported. The company is one of many which has experienced only a slight improvement in demand over the past year, and has found price competition from European manufacturers particularly tough.

Other smaller British companies with American parents include the Merseyside-based Cross International, Giddings and Lewis-Fraser, which recently reported slightly reduced profits of £180,000 for the first half of 1978, and Conco Blanchard, which is owned by Motch and Merryweather.

These latter two companies are now under the same ownership as a result of their American parents merging, but this is not expected to result in significant changes here.

Aero-Shipley is also now an American-owned, being part of the Textron conglomerate. The

group has ambitious expansion plans for its subsidiary, and a midst of a substantial investment programme, which is partly financed under the Government's aid scheme, is planned.

Kearney and Trecker Marwin, a company engaged in the high technology end of machine tool manufacturing, has had a chequered history, but looks as though it is now beginning to come right.

KTM was a merger of two high technology companies, but

its enthusiasts overlooked the fact that this type of activity needs substantial financial backing and the group was quickly in trouble. It was rescued by the Government, which was anxious

to keep a presence in this area,

and in 1976 became a subsidiary of the Vickers engineering group.

KTM's last reported profit was a record at just over £1m for 1977, and hopes are high that it will maintain this turnaround.

At the other end of the scale as regards the type of product (but very much in the forefront as regards success), is A. A. Jones and Shipman. Its latest reported profit was £1.1m for the first half of 1978, a 35 per cent increase on the same period of 1977. This Leicester-based company's success lies with its universal grinding machine, which it sells worldwide, and for which demand is now buoyant.

Staveley Industries' machine tool division, which includes Asquith, Drummond, Kearns-Richard and Staveley Lapointe, has been proving that mergers can be successful in the long term. Its performance over the past couple of years has improved considerably after the earlier problems it had encountered.

The 600 Group claims to be Britain's largest machine tool manufacturer, and has been very successful, with its standard tool ranges like that produced by Colchester Lathe. Like Jones and Shipman, this is the sort of success story which belies all the studies that Britain should move up-market in machine tools.

The 600 Group division as a whole, which includes several subsidiary companies, reported profits well ahead at £6.9m for the year ended March 31, and is now one of the most buoyant

Hazel Duffy

Get on the right track to Europe's leaders in advanced machine tool technology

KTM's lead in machine tool technology is no accident. It's the result of a sustained programme of research and development concentrated into identifiable areas of expertise, namely milling, drilling, boring and tapping operations. This is the common denominator between our three

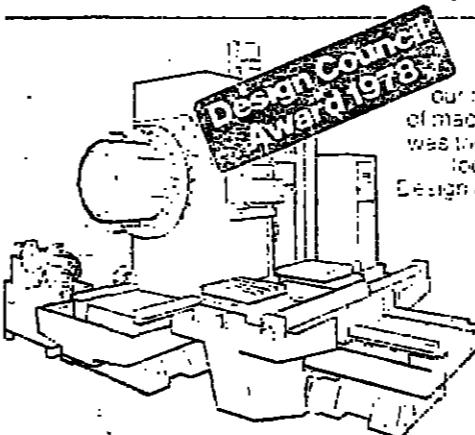
Each division serves a different market and therefore maintains its own sales, engineering, manufacturing and service operations. At management level, the divisions are fully integrated. As part of the £400m Vickers Group, we have the management and financial resources to ensure that the momentum for future development is maintained.

Special Machines Division

Numerical Control Division

Standard Machine Division

Through this division are marketed the well-established KTM range of manual milling machines. These include knee-type and bed-type machines with horizontal and vertical spindles. KTM manufactured machines are complemented by a carefully selected range of factory products.



The KTM 400, the first of our new generation of machining centres, was the only machine tool to win a 1978 Design Council Award.

K
Kearney & Trecker Marwin Ltd
Crowhurst Road, Hollingbury, Brighton BN1 3AU
Tel: Brighton (0273) 567255 Telex: 87121
A subsidiary of Vickers Limited

When the market is a bucking horse...



Comau: the strategy of flexibility.

Production. Production of everything the market needs. High quality production at competitive costs. And cutting down of idle times in production and storing. All objectives that many of the world's industrial giants have achieved, thanks to their cooperation with Comau.

5,500 employees, including 1,000 engineers: 12 factories split into 5 operating sectors: Engineering, Machine Tools, Welding Systems, Storing,

Materials handling and Industrial Washing Systems, Dies and Fixtures.

This is Comau. An industrial organisation, capable of supplying "on a turnkey basis" new production lines, complete plants or made "to measure" storage systems to mechanical industries.

To all this, add a sharp market awareness and a high technological content such as to offer fast production change-over whenever needed.



COMAU INDUSTRIALE

The technology of major developments.

Comau Industriale S.p.A. Registered office: Via Rivalta, 30 - 10095 Grugliasco (TORINO - ITALY)
Tel. (011) 78862/780033 - Telex 23511

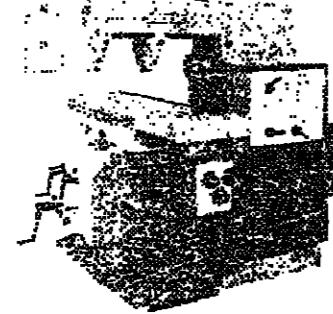


Rotary transfer machine tool built by Mechanised Assembly of Worcester, which produces record player pick-up arms from aluminium tubing once every four seconds

THE NAMES FOR TOP PERFORMANCE

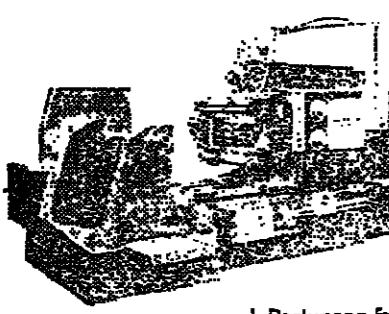
PARKSON

Precision mills of high quality now giving heavy duty performance up to 20 hp spindle drive and 75" x 13 3/4" (1905 x 467mm) table size. Plain, Universal or Vertical motion with choice of control from the basic toolroom machines to semi-automatic operation for batch production or full CNC microprocessor control.



Gear Testers for spur, helical, double helicals, bevels and worm and wheel sets. Up to 42" (1068mm) capacity centres.

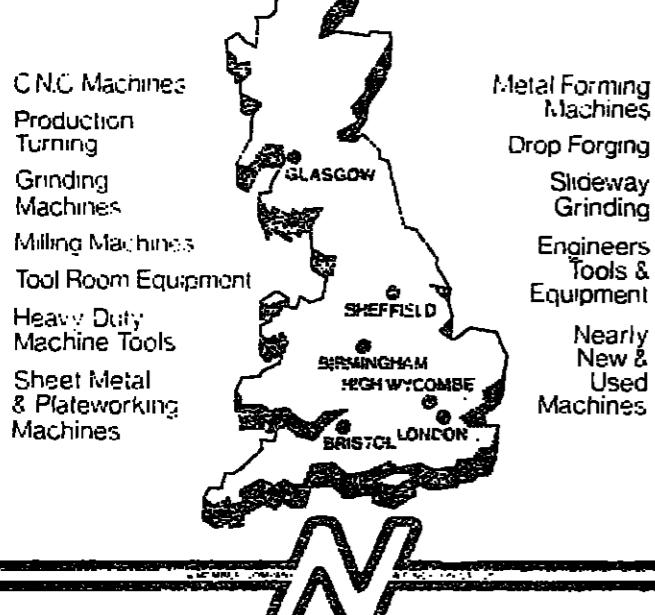
SUNDERLAND



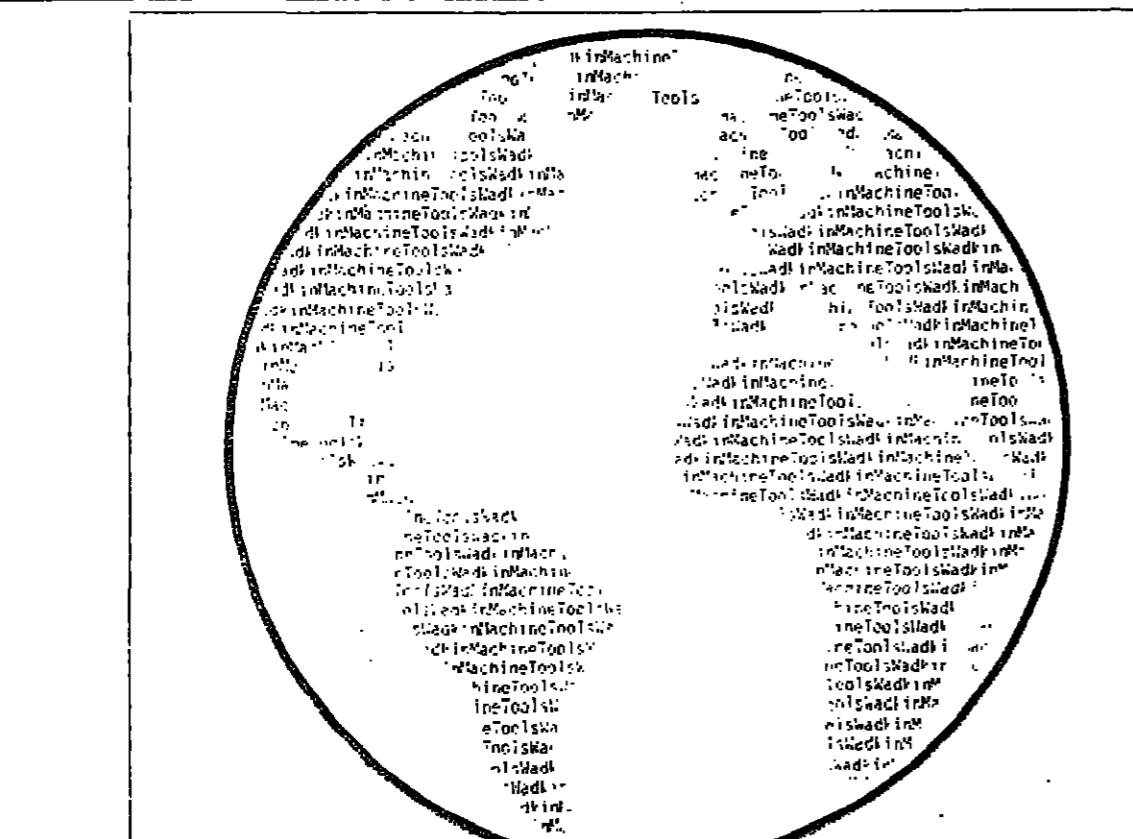
Gear Generating Machines for spur, single and double helicals up to 21" diameter (540mm) plus a full range of cutters.

J. Parkinson & Son (Shipley) Ltd., P.O. Box 35, Shipley, West Yorkshire, England BD17 7EQ. Tel: 0274 583231. Telex: 617455. Worldwide Selling Agents.

NORTON MARKET LEADERS IN MACHINE TOOL DISTRIBUTION



W.E. NORTON (HOLDINGS) LIMITED
50 Pall Mall London SW1Y 5AQ. Tel: 01 230 5733 Telex: 28317
The Octagon, High Wycombe, Bucks. HP11 2HR. Tel: (094) 41671



WADKIN MACHINE TOOLS - WORKING ALL OVER THE WORLD.

Our year Wadkin Machine Tools turnover was in excess of £40 million.

Our products are exported to the far flung corners of the world.

The reasons behind the kind of success we can achieve are simple.

In the products we make.

Established since 1956 when we were among the pioneers of NC machine tools, our product range has expanded and the individual items in it have been steadily improved and refined to respond to the changing needs of industry.

You see, our business has largely been built upon our ability to offer the metalworking industry exact answers to specific problems. And, like you, not only precise but practical in terms of everyday working conditions.

Our experience, advanced technology and an obsession with quality have played an important part in our success over the years.

Most importantly of all though is the fact that we always believe that there's better ways to do any metalworking job.

Wadkin Machine Tools, Wensley Way, Leicester LE4 7HU.
Tel: 0533 769151 Telex: 341161

**WADKIN
MACHINE TOOLS**

MACHINE TOOLS IV

Problem of ups and downs in investment cycle

THE TRADITIONAL problem faced by the new chairman of the machine tool industry is the obvious overcapacity of the investment cycle. Action was initiated to improve the limited

than in the latest recession and often outdated product which proved to be more prolonged and certainly much deeper than expected. Even Government efforts to assist the sector through the creation of a stockbuilding scheme had

A key role in the project was given to the National Enterprise Board which announced in different profit centres in order

March 1976, that it would be to give management greater control and accountability from individual companies for performance. Mr. Walter Lees was recruited as chief executive from Tube Investments to push through the necessary reforms.

In the first nine months, only four companies had concluded agreements involving the Board in a total commitment of £5.7m.

In the final three months before the scheme closed, in April last year, five more companies had come forward, but the loans of total still remained at only £5.9m. One concern alone, Alfred Herbert, itself a subsidiary of the NER, accounted for £5m of the overall allocation.

Price

Alfred Herbert, which borrowed around a further £2m from the private sector, is still paying the price for its decision to carry on building for stock.

Plans for a 7% cut in the labour force and a major reduction in capacity are going ahead.

Announcing the need for such a move, management pointed out that it had continued to manufacture for stock throughout last year in order to maintain employment and in preparation for an upturn in the market which had not materialised.

The present rationalisation is only the latest in a series which have seen employment at Herberts (once one of the world leaders in its sector) decline from around 11,300 at the beginning of the decade to little more than 5,000.

Moves to cut costs and trim capacity had become all too familiar even before the twin problems of high inflation and the three-day week of 1974 pushed the company close to plants in the general sales financial collapse in 1975.

The Government stepped in to cover fixed interest debts over the past 12 months has centred and losses. A further £1.25m upon how best to cut capacity was provided to buy out the remaining shareholders.

In searching for the man thought to have the expertise to restore the company to candidate for any retrenchment viability, the Government turned to Sir John Buckley, who had achieved success at Daimler-Benz International.

Among the problems identifi-

some 320 jobs are scheduled and other turning machines. A seeking would be Lutterworth increase distribution capacity by to be lost under the present small loss was incurred last year, but present orders look workers.

Union leaders fear that the plant, once reduced to the planned labour force of only 800, could be on the path to total closure. Edgwick, which manufactures different types of turning machine for small batch production, has suffered in particular from the attack by low-cost countries (such as Poland, Taiwan and Korea) upon the market for common-place capstan and turret lathes.

Management would take the line that Edgwick must seek its future not in the more common machinery but by introducing a new range of computer controlled lathes.

Such machines are already being tested and should go into full production by next year.

The short term future is assured of the next biggest plant, Mackdown Lane, Birmingham, where around 750 are employed manufacturing single and multi-spindle automatic

Negotiations are continuing with the unions about the 150 jobs involved and some workers will be offered alternative employment.

The plant to which management would draw attention to illustrate the progress they are

in addition to its machine tool operation, Alfred Herbert has two other divisions—tooling and controls and instruments—which are not only profitable but are also thought to offer prospects for growth.

Herbert Tooling, which manufactures and distributes products such as dies and micro-bore equipment, employs around 1,240 people. The sales and distribution operations moved only a few weeks ago from Edgwick to a new warehouse and office complex at Eshall.

The new facilities should

increase distribution capacity by

10 per cent. Within the controls and instruments group are Herbert

Signs, based at Leitchworth, which produces measuring and inspection equipment, and

Herbert Numerical Controls, a

Woking company specialising in the supply of control systems

for the machine tool sector.

It is by moving into more sophisticated machinery and services that Alfred Herbert sees its future. The hope is that the redundancies and rationalisation now under way in the machine tool division will be sufficient to make the company not merely viable but profitable.

The next 12 months are likely to be crucial in determining whether Alfred Herbert, after a prolonged period of decline, has at last reached a turning point.

Arthur Smith

Sudden boom in equipment leasing

EQUIPMENT LEASING has this is so, will more machine tool companies join the leasing of a lease, are already

included in the notes to the boom experts believe, is that

most people in the industry believe otherwise. "There may be a trick, but there won't be a flood," one manufacturer said.

"After all, particulars sell the machine to him."

tool companies join the leasing of a lease, are already

bundled in the notes to the boom experts believe, is that

most people in the industry believe otherwise. "There may be a trick, but there won't be a flood," one manufacturer said.

"After all, particulars sell the machine to him."

tool companies join the leasing of a lease, are already

bundled in the notes to the boom experts believe, is that

most people in the industry believe otherwise. "There may be a trick, but there won't be a flood," one manufacturer said.

"After all, particulars sell the machine to him."

tool companies join the leasing of a lease, are already

bundled in the notes to the boom experts believe, is that

most people in the industry believe otherwise. "There may be a trick, but there won't be a flood," one manufacturer said.

"After all, particulars sell the machine to him."

tool companies join the leasing of a lease, are already

bundled in the notes to the boom experts believe, is that

most people in the industry believe otherwise. "There may be a trick, but there won't be a flood," one manufacturer said.

"After all, particulars sell the machine to him."

tool companies join the leasing of a lease, are already

bundled in the notes to the boom experts believe, is that

most people in the industry believe otherwise. "There may be a trick, but there won't be a flood," one manufacturer said.

"After all, particulars sell the machine to him."

tool companies join the leasing of a lease, are already

bundled in the notes to the boom experts believe, is that

most people in the industry believe otherwise. "There may be a trick, but there won't be a flood," one manufacturer said.

"After all, particulars sell the machine to him."

tool companies join the leasing of a lease, are already

bundled in the notes to the boom experts believe, is that

most people in the industry believe otherwise. "There may be a trick, but there won't be a flood," one manufacturer said.

"After all, particulars sell the machine to him."

tool companies join the leasing of a lease, are already

bundled in the notes to the boom experts believe, is that

most people in the industry believe otherwise. "There may be a trick, but there won't be a flood," one manufacturer said.

"After all, particulars sell the machine to him."

tool companies join the leasing of a lease, are already

bundled in the notes to the boom experts believe, is that

most people in the industry believe otherwise. "There may be a trick, but there won't be a flood," one manufacturer said.

"After all, particulars sell the machine to him."

tool companies join the leasing of a lease, are already

bundled in the notes to the boom experts believe, is that

most people in the industry believe otherwise. "There may be a trick, but there won't be a flood," one manufacturer said.

"After all, particulars sell the machine to him."

tool companies join the leasing of a lease, are already

bundled in the notes to the boom experts believe, is that

most people in the industry believe otherwise. "There may be a trick, but there won't be a flood," one manufacturer said.

"After all, particulars sell the machine to him."

tool companies join the leasing of a lease, are already

bundled in the notes to the boom experts believe, is that

most people in the industry believe otherwise. "There may be a trick, but there won't be a flood," one manufacturer said.

"After all, particulars sell the machine to him."

tool companies join the leasing of a lease, are already

bundled in the notes to the boom experts believe, is that

most people in the industry believe otherwise. "There may be a trick, but there won't be a flood," one manufacturer said.

"After all, particulars sell the machine to him."

tool companies join the leasing of a lease, are already

bundled in the notes to the boom experts believe, is that

most people in the industry believe otherwise. "There may be a trick, but there won't be a flood," one manufacturer said.

"After all, particulars sell the machine to him."

tool companies join the leasing of a lease, are already

bundled in the notes to the boom experts believe, is that

most people in the industry believe otherwise. "There may be a trick, but there won't be a flood," one manufacturer said.

"After all, particulars sell the machine to him."

tool companies join the leasing of a lease, are already

bundled in the notes to the boom experts believe, is that

most people in the industry believe otherwise. "There may be a trick, but there won't be a flood," one manufacturer said.

"After all, particulars sell the machine to him."

tool companies join the leasing of a lease, are already

bundled in the notes to the boom experts believe, is that

most people in the industry believe otherwise. "There may be a trick, but there won't be a flood," one manufacturer said.

"After all, particulars sell the machine to him."

tool companies join the leasing of a lease, are already

bundled in the notes to the boom experts believe, is that

most people in the industry believe otherwise. "There may be a trick, but there won't be a flood," one manufacturer said.

"After all, particulars sell the machine to him."

tool companies join the leasing of a lease, are already

bundled in the notes to the boom experts believe, is that

most people in the industry believe otherwise. "There may be a trick, but there won't be a flood," one manufacturer said.

"After all, particulars sell the machine to him."

tool companies join the leasing of a lease, are already

bundled in the notes to the boom experts believe, is that

MACHINE TOOLS V

Job in its

Motor industry is main user

THE AUTOMOTIVE industry is probably the biggest user of machine tools. Major investment programmes by the car and truck assemblers affect the machine tool makers in two ways—first the assemblers themselves need new equipment and, second, their component suppliers often have to go out and buy new machine tools too.

In the UK attention is focussed mainly on BL, formerly British Leyland, because as a State-owned concern it is more likely than any of its rivals to buy British machine tools whenever possible. BL Cars alone bought £50m worth of machine tools last year and has indicated that it will spend about £50m a year for 1978 and the following three years.

Not all of this business will go to UK companies, however, but BL has indicated that something over 80 per cent by value of its machine tool purchases will be from UK concerns. If this sort of level is achieved the BL programme will provide a very useful boost for the UK industry—given that total production of machine tools in Britain will be about £400m this year.

Orders

However, that still leaves room for some very big orders to be placed with companies overseas. For example, there was some consternation in the UK industry late last year when in quick succession BL Cars placed a £7m order for EUKA welding machines and one worth £15m for an automatic line from Heller—both West German companies. Later two further contracts for welding machines took the total to £14.5m for Germany.

BL maintained that it had to buy overseas because the technology was not available in Britain.

While not disputing the claims of the UK manufacturers, through the Machine Tool Trades Association, have argued consistently that if only the industry was given good warning about the requirements of Britain which need to invest no means an exception. Last year Ford completely refur-

ished its Dagenham toolroom at a cost of £4.4m. The major orders for new machinery went to West German concerns—Hoyerstaedt supplied £1m worth of copy mills and planer mills valued at £1.2m were supplied by Waldrich Coburg and Dröpp and Rien.

The lack of consultation between BL and the industry has been a constant problem for some years. The group certainly placed the £40m of orders it forecast it would place in 1977 but there was a last-minute rush during the final quarter.

The indications are that BL will hit its £50m target for machine tools in 1978 too. But the machine tool makers are naturally very concerned every time Mr. Michael Edwards, BL's chairman, says he is cutting back on investment.

While they appreciate that it is only right that BL should not spend cash unless it will produce a reasonable return, they wish the investment programme could run on a smoother course rather than the bumpy one of today.

For example, the £250m Land-Rover, Range Rover plant

explained: "If we could get the machinery we need in Britain we would buy it here." And it promised that negotiations continue about double-shifting the assembly line after it goes on stream.

The machine tool manufacturers believe Mr. Edwards when he says it will not get going again until he has union agreement on more flexible working practices.

They have the example of the Bathgate truck plant still clear in their memories. There £32m of the investment programme was cancelled after a prolonged strike. Please by know and can rely upon, employees for it to be reinstated fell on deaf ears.

Mr. Edwards said recently that he was now more optimistic about BL's prospects than at any time during his group's first year as chairman. The national and Cincinnati Milacron machine tool industry hopes his optimism is well-founded and among the motor manufacturers at the thought of any factors and can be expected to get their fair share of the business available.

While Ford's Bridgend plant for a while became something of a cause célèbre in the British machine tool industry it is by no means an exception. Last year Ford completely refur-

Ford, for example, has indicated it will be spending over £10m in Britain before 1982. That ought to be very good news for the UK machine tool industry. But even more than BL, Ford has turned to overseas suppliers.

The £250m Bridgend engine plant currently being constructed provides a good case in point. Within a few months of the deal with the UK government being announced— involving an estimated £150m of grants and other assistance—Ford had ordered £8m of equipment from West German companies and £18m worth from American concerns.

Even so, the British machine tool industry would have to see

Ford gradually switch more and more of its resources away from the UK to elsewhere in Europe. They hope that the long strike at Ford will not encourage the group to move along these lines.

The industry also has mixed feelings about the change in the ownership of Chrysler UK.

Although the UK Government has won from Peugeot-Citroën undertakings about continuation of the investment programme in the UK and an assurance that

Britain will not be left out of any future expansion plans for Chrysler in Europe, there remains a nagging doubt about the medium-term prospects.

It is also assumed that the French machine tool industry will be given priority treatment by Peugeot in future investment projects—not simply because it is the French industry with which it has in the past had the closest contacts.

Meanwhile, the UK machine tool industry along with the rest of the European manufacturers, are benefiting from the huge investment programmes by the motor and aerospace industries.

In spite of the fact that liaison between the American machine tool manufacturers and the car companies is excellent and the equipment makers know well in

advance what is required, any future expansion plans for capacity is being stretched. So the motor assemblers are having to look outside the States for some machines.

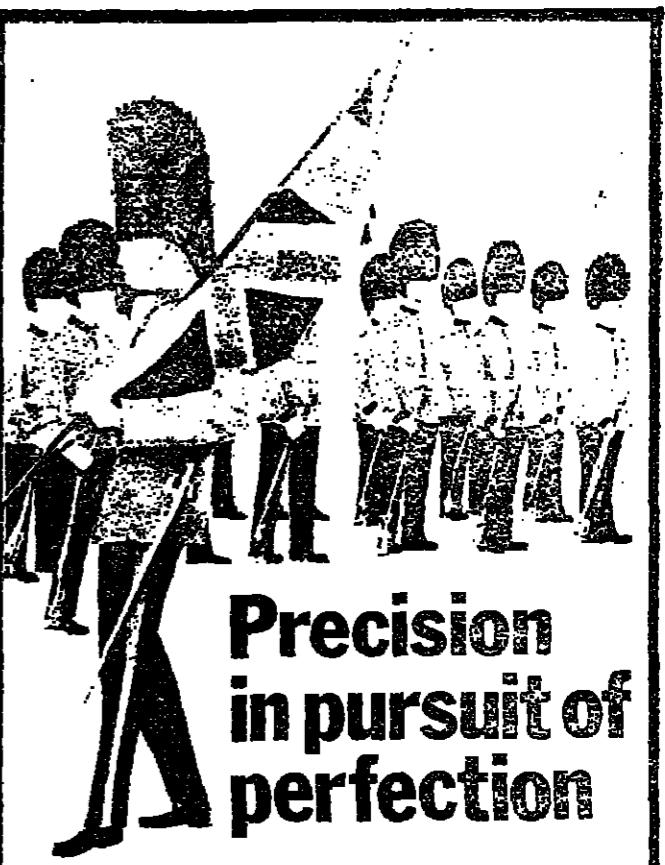
It is estimated in the U.S. that to achieve a one mile per gallon improvement in petrol consumption the big three car concerns will between them have to spend \$3.5bn. And the Federal Government is insisting on an eight mile per gallon improvement over the next five years. The investment involves many machine tools.

Consequently, the annual major U.S. machine tool exhibition in Chicago recently was a really rewarding one for some of the British exhibitors. "There were some very serious inquiries and a lot of business being done," was the way one observer summed it up.

Kenneth Gooding



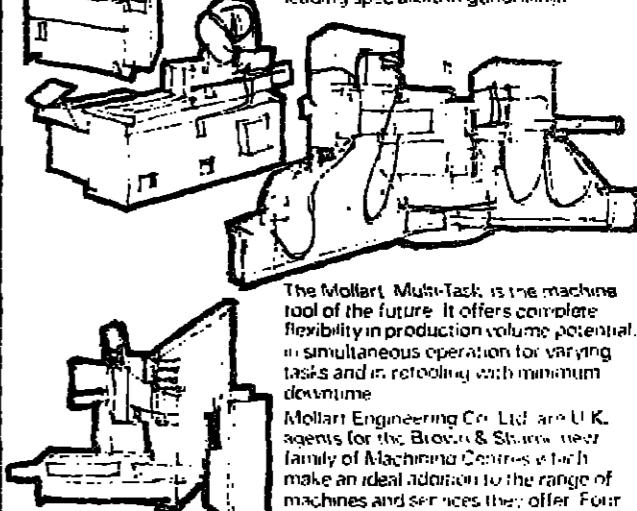
A Hugh Smith 5,000-tonne vertical plate bending machine under construction



Precision in pursuit of perfection

Precision is a way of life, whether it be on the parade ground or on the machine shop floor. The people at Mollart are dedicated to the pursuit of perfection in precision engineering and their constant aim is to set new standards for productivity, reliability, accuracy and capability.

Mollart gundrilling machines produce straight, true round holes every time with every pass. Secondary operations are not usually necessary. You'll enjoy a worldwide reputation as Britain's leading specialists in gundrilling.



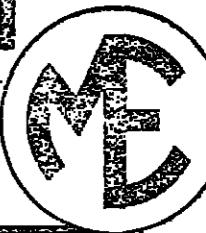
The Mollart Multi-Task is the machine tool of the future. It offers complete flexibility in production volume potential, simultaneous operation for varying tasks and in retasking with minimum downtime.

Mollart Engineering Co. Ltd. are U.K. agents for the Brügel & Staubach family of Machining Centres, each make an ideal addition to the range of machines and services that offer. Four models make up this family of vertical machining centres.

Mollart also design and manufacture Special Purpose machine tools. Write or phone for full information including illustrated brochures on any of the above.

MOLLART

The Mollart Engineering Company Ltd.,
Hook Rise South, Kingston By-Pass,
Surbiton Surrey, England
Phone: 01 397 4333 Telex: 923651
Gatwick, Mollart Surbiton



£100m second-hand market

FACTORY CLOSURES and re-equipment plans in expanding companies provide the main sources of second-hand machine tools.

The market is an important one for sales merchants and for the entrepreneurs venturing into small-scale manufacturing for the first time. The total British market for new and used machine tool sales is estimated to be worth approximately £350m a year. New machines account for the bulk, at least 70 per cent of the total, leaving over £100m of sales each year for the growing band of merchants dealing mainly in second-hand machine tools.

The importance of Britain as a base for transactions in the second-hand machine tool market is underlined by the expansion of the main European organisation for the second-hand machine tool trade, the Association of European Machine Tool Merchants.

Based in London it has grown

from 100 members 30 years ago to 235 members now.

New applications for membership come in almost daily, with recent additions from Sweden, Italy and West Germany.

In Britain, the £100m market for second hand machine tools represents marginally over half of the annual turnover of the so-called "second hand" dealers.

By November last year, total activity in the sector, as measured by published advertisements had almost doubled.

The same journal, Machinery Market, recorded a total of 190 machine tools either wanted or

for sale in the second hand market or for

sale. Contracts are often agreed

verbally.

Well over half of the items listed during the issue of the

second week in the month were those wanted by companies

either for sale elsewhere or for

use in industrial expansion pro-

grammes.

But by the same week this

year, the total number of

machine tools either wanted or

for sale had again almost

doubled, with the wanted items

outpacing those for sale by a

ratio of almost three to one.

The machine tool merchants

represented by the AEMT confirmed that the latest figures

were not a flash in the pan, but

represented a marked increase in

trading activity in response to

industrial growth.

Every week the classified sec-

tions of the trade press are re-

ported to be getting more

copious as engineering activity

accelerates.

Much of the business in sec-

ond hand machine tools starts

with the receipt of a

photograph of the machine

for sale. Contracts are often

agreed verbally.

Market activity in Britain in

second hand tools has tradi-

tionally been higher than in almost

any other country but Japan,

which still has the greatest

number of machine tools of any

country. But in Britain, the

average age of the machine

tools in use is lower than Japan

between six and nine years

compared with approximately

12 years for Japanese based

machine tools.

A survey by the technical

journal Metalworking Produc-

tion showed that 39 per cent of

the machine tools in Britain

were under 10 years old, com-

pared with 37 per cent in West

Germany and 33 per cent in the

U.S.

These figures may indicate a

greater rate of change of

machines in Britain than in

some other countries and may

indicate why the second-hand

market in Britain is so buoyant.

The largest potential market

for the second-hand sector is

Machine Tool Merchants said

that the present total of around 350 in

the U.K. is becoming less attractive for the

UK exporter as national con-

fidence rises and brings with it

a call for new machinery.

It would be difficult to verify

the claim, but part of the

reason for the expansion is

certainly the growth in the ex-

port potential for second-hand

machines. The U.S. was

Britain's biggest importer of

second-hand machine tools until

a year ago but a tightening-up

of product liability regulations

in the U.S. has reduced the

attraction of the market to

British merchants selling used

machine tools.

A raising of insurance

premiums by U.S. companies

also had an adverse impact on

UK sales of second-hand

machines in North America.

Since SCM

Market activity in Britain in

second hand tools has tradi-

tionally been higher than in almost

any other country but Japan,

which still has the greatest

number of machine tools of any

MACHINE TOOLS VI

Plotting an industrial strategy for the next decade

THE INDUSTRIAL strategy has given a boost to the NEDO role as a major area where there needs to be improvement and particularly the case for discussions between user industries because it is one of five industries that has been designated as worthy of special attention under the Government's industrial strategy.

The machine tools industry has always merited an up as a result of surveys commissioned by the EDC are reversing the already pronounced trend for the industry's share of the home market to be falling.

The initial work of the EDC under the industrial strategy programme was concerned with identifying constraints to optimising production when demand is strong.

Discussions

The EDC is made up of representatives from various companies in the industry, trade unions, the Machine Tool Trades Association, Government and NEDO, and meets on a regular basis to discuss the state of the industry and select areas for investigation. Its chairman is Mr Anthony Frodsham, director general of the Engineering Employers' Federation.

The EDC also has a Strategy Steering Group, which has a similar composition to the EDC itself, plus representatives from the user-industries and one from banking. This group is charged specifically with carrying out the planning and dissemination of information required by the industrial strategy.

Targets were agreed upon for the industry as a whole: exports were planned to increase to 60 per cent of production by 1985-86 (the highest level in the seventies was 56 per cent in 1975). Imports were to be maintained at least to the present share of the home market, which is about 48 per cent; and productivity to be increased to the average level for UK manufacturing industry as a whole.

One year after the targets were drawn up, it seems they were over-ambitious. On the basis of forecasts for world economic growth, the export

share of world trade in machine tools would need to grow from its current level of about 5½ per cent to 6½ per cent—something which is looking unattainable in the current conditions of world markets.

Similarly, with import penetration, stabilising around the current levels (about 48 per cent of the market) sounded reasonable, but in fact meant reversing the already pro-

nounced trend for the industry's share of the home market to be falling.

Strength

The planned improvement in productivity has also lagged behind target, partly because demand has not picked up sufficiently in all products. A popular version of their more deep-rooted barrier to medium-term programme.

Strength

The planned improvement in

productivity seems to have been wholly merit in production processes—measures have been wholly successful in the difficult job that the report is likely to merit further attention from the EDC.

The strength of the EDCs, and now the wider coverage afforded by the SWPs, is their tripartite composition. In their

bringing together of management, trade unions and civil servants, they have a unique contribution to make to industrial planning.

Their potential weakness, however, is the difficulty in transmitting their message to the people who could make a positive contribution to the shopfloor in particular, but also to management. Seminars have been organised by individual industries, and most of the EDCs and SWPs produced a popular version of their

medium-term programme.

Strength

The machine tools EDC has

been particularly sensitive on the point of publicising its major reports (apart from the point of publicising its

against widespread distribution

because it did not want informants to reach the hands of overseas competitors. The union

intends discussing other measures shortly.

The problem with the industrial strategy type of exercise is that it will take some time before its effectiveness is measurable, and this is particularly so when most of the work that has been done within the EDCs and SWPs is of a general nature.

The machine tools EDC has

been presented to the National Economic Development Council's February meeting. By this time, the new targets on exports, imports and production will have been agreed upon.

When that work has been completed, it will look more closely at products and forecast economic circumstances and demand patterns.

The market for electronically controlled machine tools is

growing worldwide, but at the same time, so is the number of producers. Japan—with its vast gathering of companies—who can take a view

turning increasingly towards the industry as a whole.

Hazel Duffy

Research centre for world markets

THE FIRST

things a visitor sees on entering the Machine

Tool Industry Research Association's headquarters at Macclesfield. Cheshire, are two glass cases containing lathes—an ornamental one made in 1746 and another less pretty example of turn-of-the-century Birmingham craftsmanship. But the past stops there.

In the offices and workshops in the galleries above the reception area, a staff of 75 experts, including graduate engineers, physicists, metallurgists and mathematicians—is busy with work aimed at coaxing one of Britain's most conservative industries into the 21st century.

Why Macclesfield? The MTIRA's sister organisation, the Machine Tool Trades Association, which handles publicity, marketing and promotion for the industry, is based in the heart of London—in Bayswater. And Macclesfield, though still an important textile centre even after the decline of its traditional silk industry, is not exactly the centre of the universe.

Mr. A. E. De Barr, the MTIRA's director of research, explains that when the association was set up in the early 1960s, Macclesfield was a "centre of gravity" for the machine tool industry. Around Manchester and Stockport there were big machine tool centres and Manchester University was, and still is, closely associated with the engineering industry. Since then, some companies have moved south, but the establishment is still well-sited to serve the industry's needs.

And with the Derbyshire Peak District and the gentler Cheshire countryside at its doorstep, Macclesfield can attract some of the best brains to settle there.

Customers

The Association's job is to establish, with major customers, the kind of machine tools Britain should be making available if it wants to get ahead in world markets.

It has a membership of about 100, but as these are mainly company memberships and include the giants, such as BDM Group, it spreads its net to a lot more than 100 people. Mr. De Barr believes its membership represents about three quarters of British manufacturers' turnover.

It is funded by members sub-

scriptions (£131,600 last year), executive essential," the report increased reliability of components or it may mean the

with a cine-camera inside to film buyer be certain that he

can get an agreement for multi-

shift working? And the increasing

development of one-man

operator tools seems sensible

but can lead to sticky depar-

tation disputes.

The report went on later,

the Association to provide

"Users are interested in

advanced technology if they

can be convinced of its relevance

to their problems. They are

however, more interested in

anything that will enable them

to make better use of existing

technology, and, particularly,

they wish to achieve higher

utilisation of their machines.

"This may mean the over-

coming of problems caused by speed.

As the wheel is run to new machine tools, it is all very

new environmental and safety requirements. It may mean

experiment is encased in what practicable only for multi-shift

looks like a miniature army tank working, but how can a mecha-

nical guard be certain that he

can get an agreement for multi-

shift working? And the increasing

development of one-man

operator tools seems sensible

but can lead to sticky depar-

tation disputes.

Mr. De Barr is not pessimistic,

but feels there is little hope in

real progress in the industry

until the economy recovers. How

can you sell a man a sophisticated machine tool when at

the moment, all he wants is a

captain lathe? All the bright

ideas surging around the engi-

neering at Macclesfield can be

a return to sizeable investment

in the machine tool industry.

Alan Forrest

Successful start for industrial aid scheme

OF ALL the selective industrial

aid schemes introduced to help

small companies. There was less than £500,000 on consul-

ting fees for small companies

in all 14 schemes.

The scheme had a slow start

when it was first introduced and

was greeted with some

suspicion in the industry. It

was simplified and enlarged

in 1976. It was also

extended up to the end of 1977

and boosted from an original

£20m aid budget to £30m. By

the beginning of last year some

149 applications for aid had

been made but then the pace

quickened until in December

the final month, there were 178

applications. This rapid accelera-

tion of interest towards the end

of a scheme's period for

applications has also occurred in other industry aid schemes.

Under the scheme, companies

receive 25 per cent of their costs

towards design development and

launching of new products. 20

per cent of the cost of new plant

and machinery, 15 per cent

of the cost of new buildings

and 50 per cent of small

companies' consultants' fees.

Among the large groups to

have used the scheme are the

Wickmann group, part of John

Brown, and B. Elliott. Wick-

mann's John Stark subsidiary in

Halifax is receiving £167,000 aid

towards design development and

launching of a large computer-

controlled machine needed in

railway industry components.

The company has said that with

out the State aid development

would have taken much longer.

B. Elliott's Butler Machine Tool subsidiary, also in Halifax, is receiving £391,000 towards the £1.9m purchase of machine tools needed to modernise a range of heavy-duty milling machines, boring machines and lathes. The company hopes to double its production of these machines, half of which are expected. It has said that the aid meant it could bring forward its expansion plans and spend more.

At the other end of the scale, a small grant of £24,500 has been allocated to Stuart Davis Machines of Coventry towards the £93,300 design and development costs of a spindle-turning machine suitable for batch production. This followed an earlier grant under the scheme to Stuart Davis to help with the purchase of new plant and equipment.

Other industries have bene-

fit from the scheme. The main problem to be faced by civil servants and Ministers in making such a decision is how to discover whether a specific aid scheme has meant that taxpayers' money has been well spent. It is one thing to point out that industry aid schemes have led to significant improvements in productivity and quality, and another thing to try to prove that provision by the Government of about a fifth of the money needed for a project has induced a company to do something it would not otherwise have done or has significantly speeded up a development that might otherwise have been delayed.

In the case of the machine

tool scheme, the Department of

Industry's economics and statistics division will be carrying out a detailed assessment in the coming months in the same way as it has just done for the textile industry's aid scheme.

Meanwhile, the Department

can only point to an estimate that whereas investment in machine tools was running

at about £12m a year for the

five years before the scheme started, it has now risen to

£25m.

John Elliott

Hahn & Kolb
The BIG FIVE

Today industry has come to regard the five major divisions of Hahn & Kolb as its standard for technological progress, quality and service.

The five divisions, Machine Tool, Measuring & Testing, Plastics Machinery, Sheet Metal-working and Tooling divisions are known for such respected and sophisticated names as Metho, Escomatic, Hatebur, Arburg, Mapal, Wohlfahrt, Variomatic and many others providing a major force in industry.

Hahn & Kolb are equally respected for their constant introduction of new techniques, their ability to tackle industry's basic problems through to completely toolled up installations and, of course, the famous Hahn & Kolb technical back-up service.

HAHN & KOLB (Great Britain) Ltd.
Forum Drive, Leicester Road, Rugby,
Warwickshire. Phone: (0785) 74261.

DELAPENA HONING EQUIPMENT

Britain's major

INDUSTRIALS—Continued

INSURANCE—Continued

PROPERTY—Continued

INV. TRUSTS—Continued

FINANE LAND—Continued

Serving the world
with
financial expertise.

SANWA BANK
Tokyo, Japan

MINES—Continued

AUSTRALIAN

OILS

TINS

COPPER

MISCELLANEOUS

GOLDS EX-5 PREMIUM

NOTES

TEAS

RUBBERS AND SISALS

COPPER

GOLDS EX-5 PREMIUM

NOTES

GOLDS EX-5 PREMIUM

NOTES

